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THB Thermometer

June 2026

Foreign Exchange Market Update

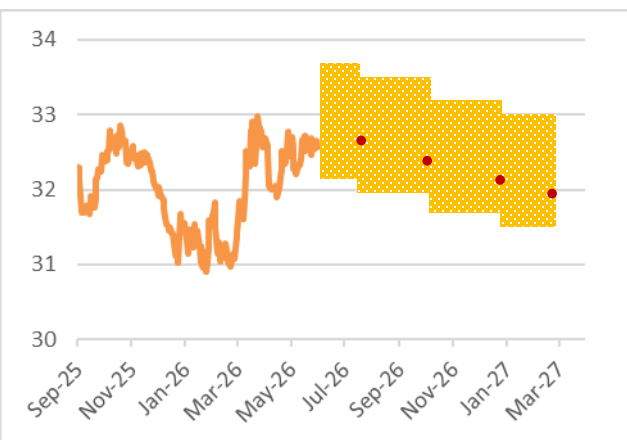
Recap : May

Marginal Baht Appreciation

- The baht traded within a relatively narrow range, with daily movements driven by developments in the Middle East and fluctuations in U.S. Treasury yields as well as gold prices. The Thai economy in Q1 expanded 2.8% y-o-y and 0.7% q-o-q , well beating market expectations. The National Economic and Social Development Council though kept its 2026 growth projection at 1.5-2.5%.
- USD7.6 billion current-account deficit in April
- THB3.6 billion net foreign buying of SET-listed shares in May
- THB20.6 billion net foreign buying of Thai government bonds in May

* 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	0.12%	-0.08%
3 months	-4.81%	-2.88%
12 months	0.76%	10.10%

As of May 29, 2026, "-" indicates THB depreciation

Outlook: Moderate Recovery in H2

A U.S.–Iran peace deal could prompt markets to shift toward Fed rate cuts later this year. Conversely, Thailand’s widening current-account deficit remains a headwind for the baht, particularly if Middle East tensions re-intensify. Given the elevated uncertainty, we maintain a cautious stance and leave our forecast unchanged. The outlook assumes a successful peace agreement and a reopening of the Strait of Hormuz around mid-year.

Foreign Exchange Market Update

Recap : May

The USD index strengthened as markets priced in Fed tightening amid rising inflation. Notably, U.S. yields moved higher on the back of relatively constructive factors led by resilient growth, strong AI-driven equity performance, and firmer inflation. However, dollar gains were intermittently constrained by episodes of optimism surrounding a potential peace deal.

€ Performance

The euro softened as short-term yield differentials shifted further in favor of the dollar, supported by the relative strength in U.S. macroeconomic data, while protracted geopolitical tensions and energy market risks helped support safe-haven greenback demand.

€ Outlook

With European Central Bank interest rate hikes largely priced, upward momentum in the euro may moderate. Against a backdrop of persistent uncertainty over the Middle East conflict, near-term downside risks to the euro linger. However, assuming a resolution is eventually reached, we expect the euro to grind higher as the year progresses.

Modest Depreciation

Gradual Recovery

¥ Performance

Yen selloffs were cushioned by intervention threats around the 160 USDJPY level, but pressures from inflation outlook, negative real yield dynamics, and mounting fiscal risks continued to weigh. Meanwhile, Japan's long-dated yields hit multi-decade highs.

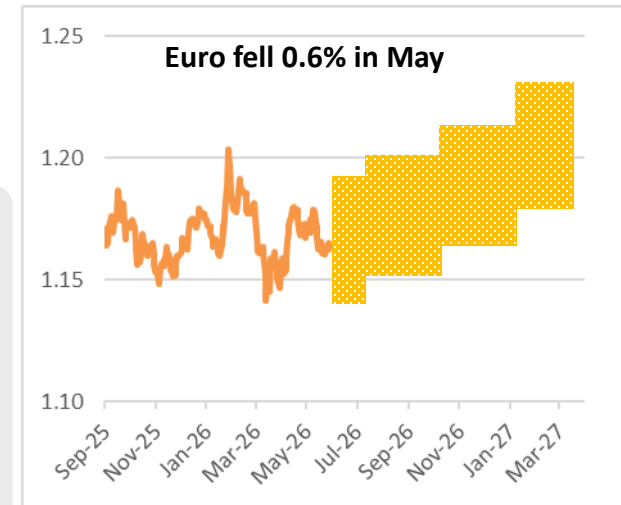
¥ Outlook

A successful U.S.–Iran agreement, together with a potential Bank of Japan rate increase in June, would likely support the yen, alongside an assumed moderation in U.S. yields. In the meantime, the effectiveness of FX intervention should prove limited, as outcomes are more heavily influenced by external factors such as global oil prices and U.S. rate prospects.

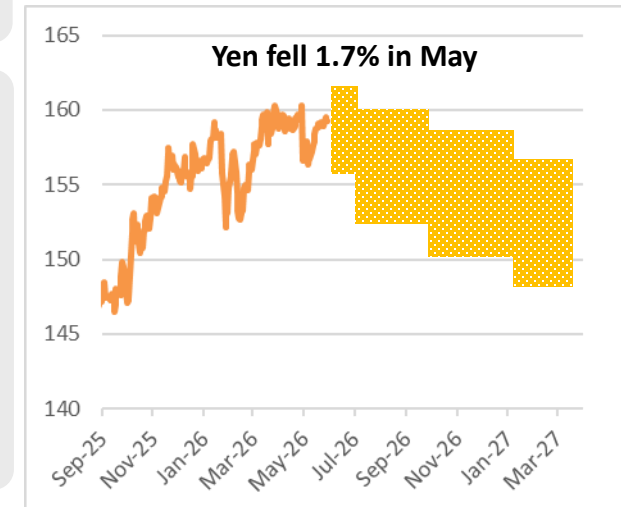
Depreciation

Gradual Recovery

EUR/USD

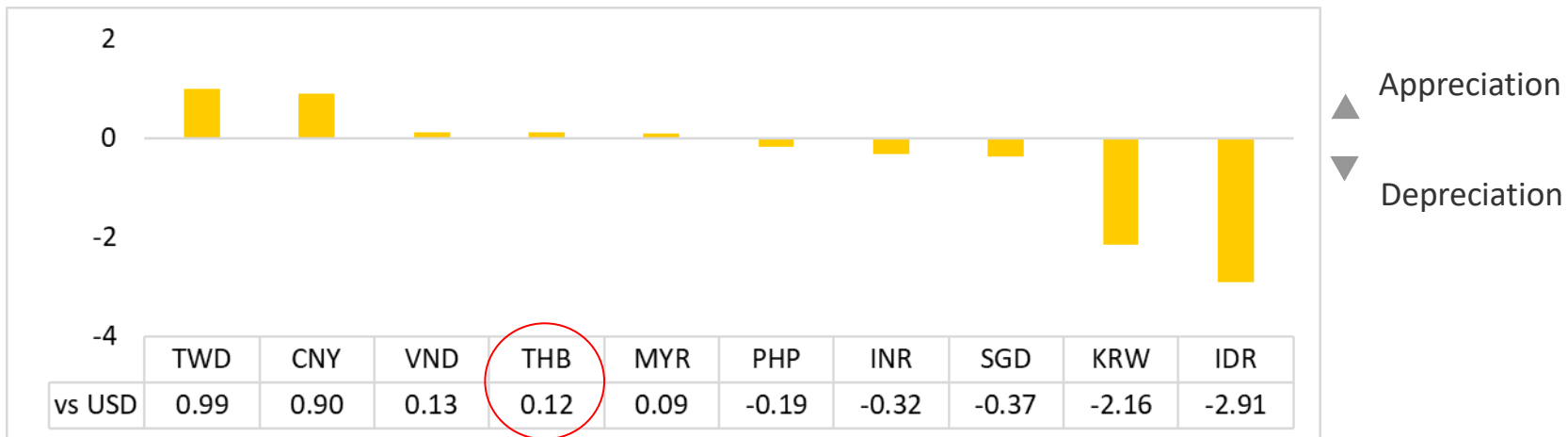


USD/JPY

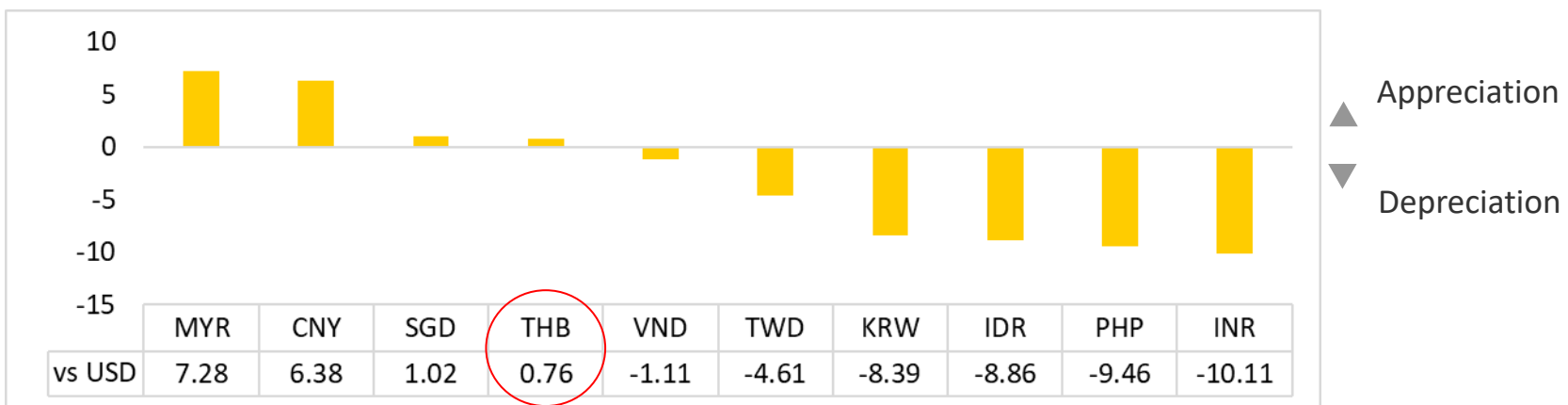


Foreign Exchange Market Update

Monthly Performance (%)



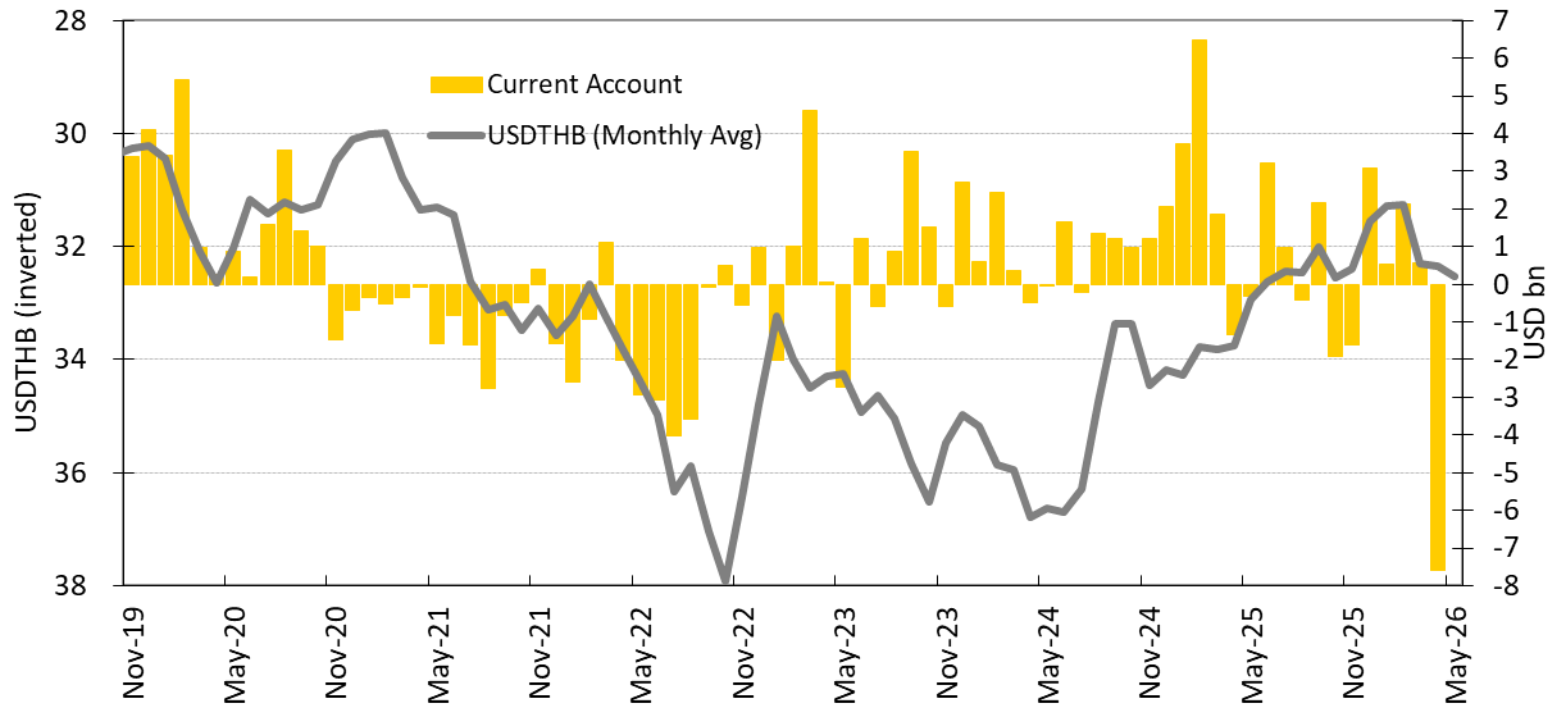
Yearly Performance (%)



Bloomberg, Refinitiv, data as May 29, 2026, yearly is past 12 months, "-" indicates currency depreciation against USD

Thailand: External Accounts

Current Account & USD/THB



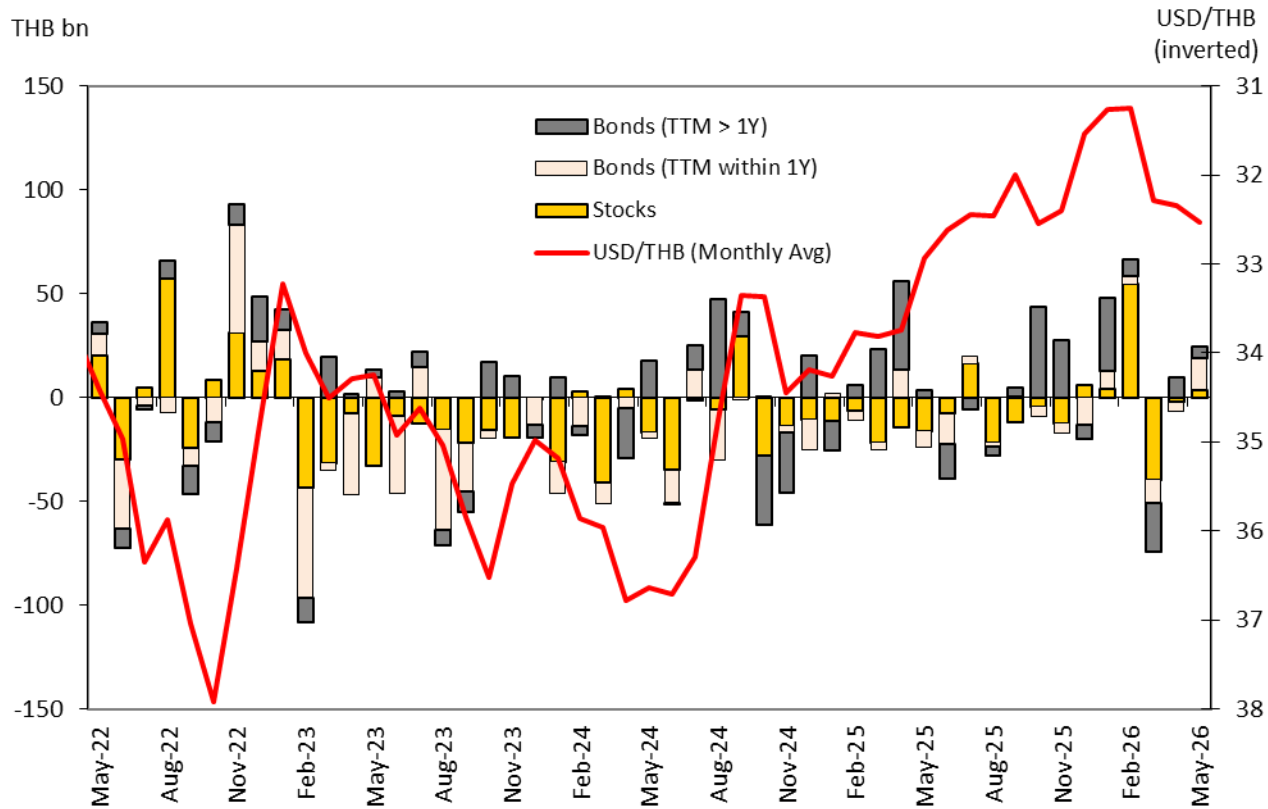
	Exports % y-o-y	Imports % y-o-y	Trade Balance USD bn	Current Account USD bn	Reserves* USD bn	
Apr-26	23.3	43.9	-6.8	-7.6	309.21	▲
Mar-26	19.3	37.2	-0.1	0.6	303.63	▼
Feb-26	10.6	31.7	0.6	2.1	316.18	▲

Bank of Thailand, * including net forward position

Thailand: Foreign Portfolio Flows

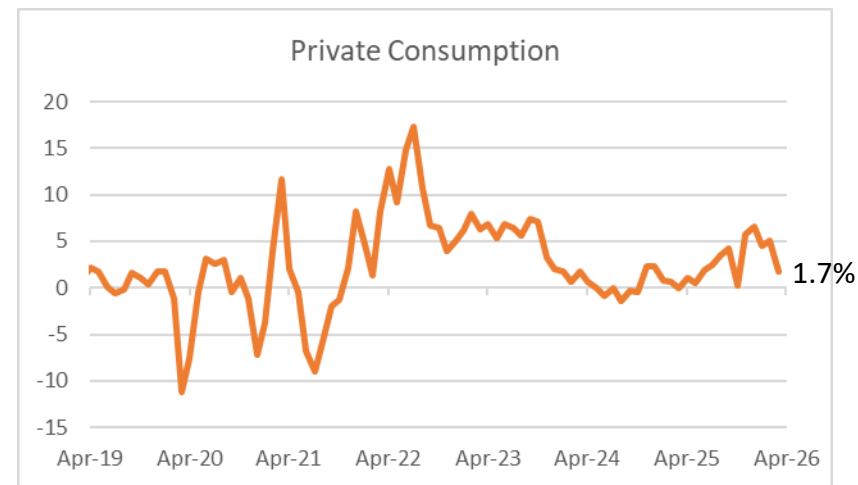
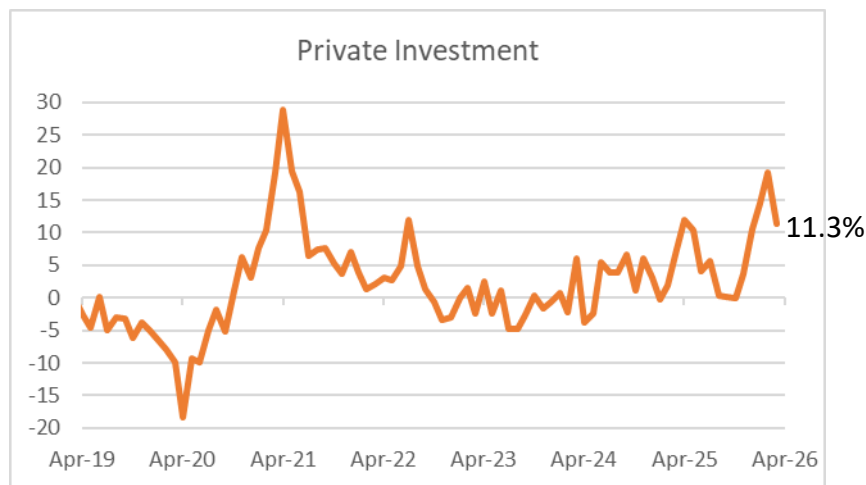
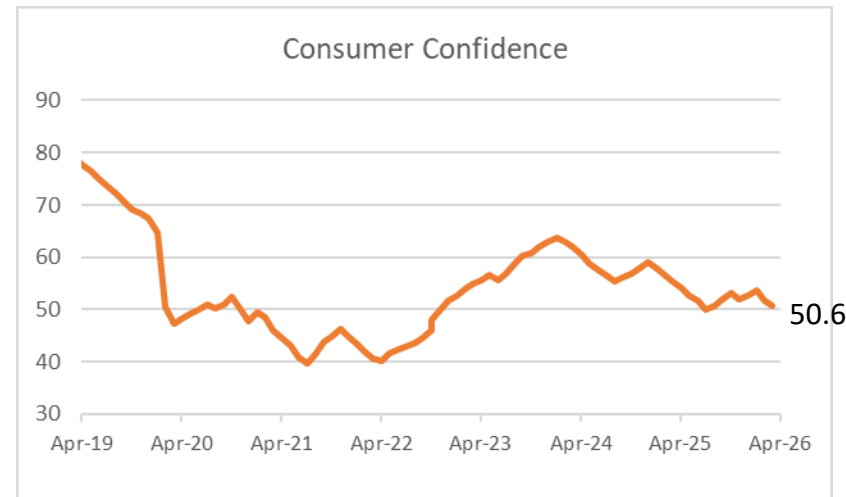
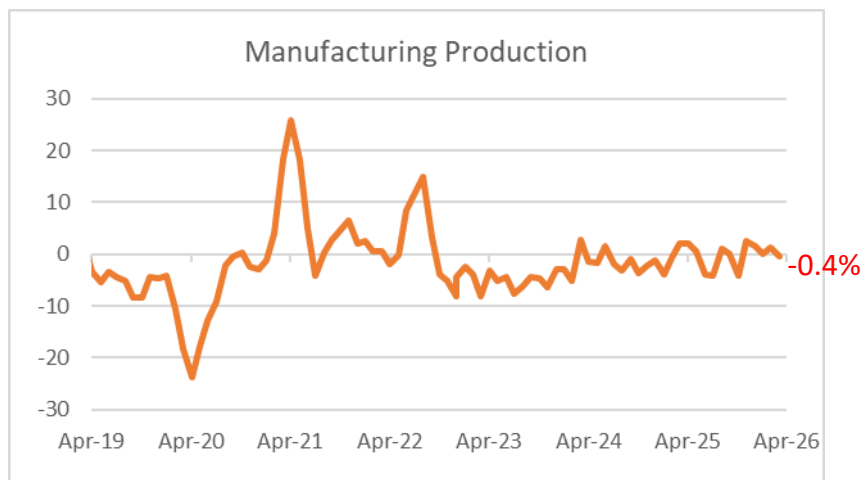
Net Foreign Position & USD/THB

THB mn	2021	2022	2023	2024	2025	5M2026
Stocks	(48,578)	201,895	(192,490)	(147,940)	(107,060)	20,317
Bonds	145,917	48,448	(146,148)	(67,608)	65,876	46,719



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: May 2026

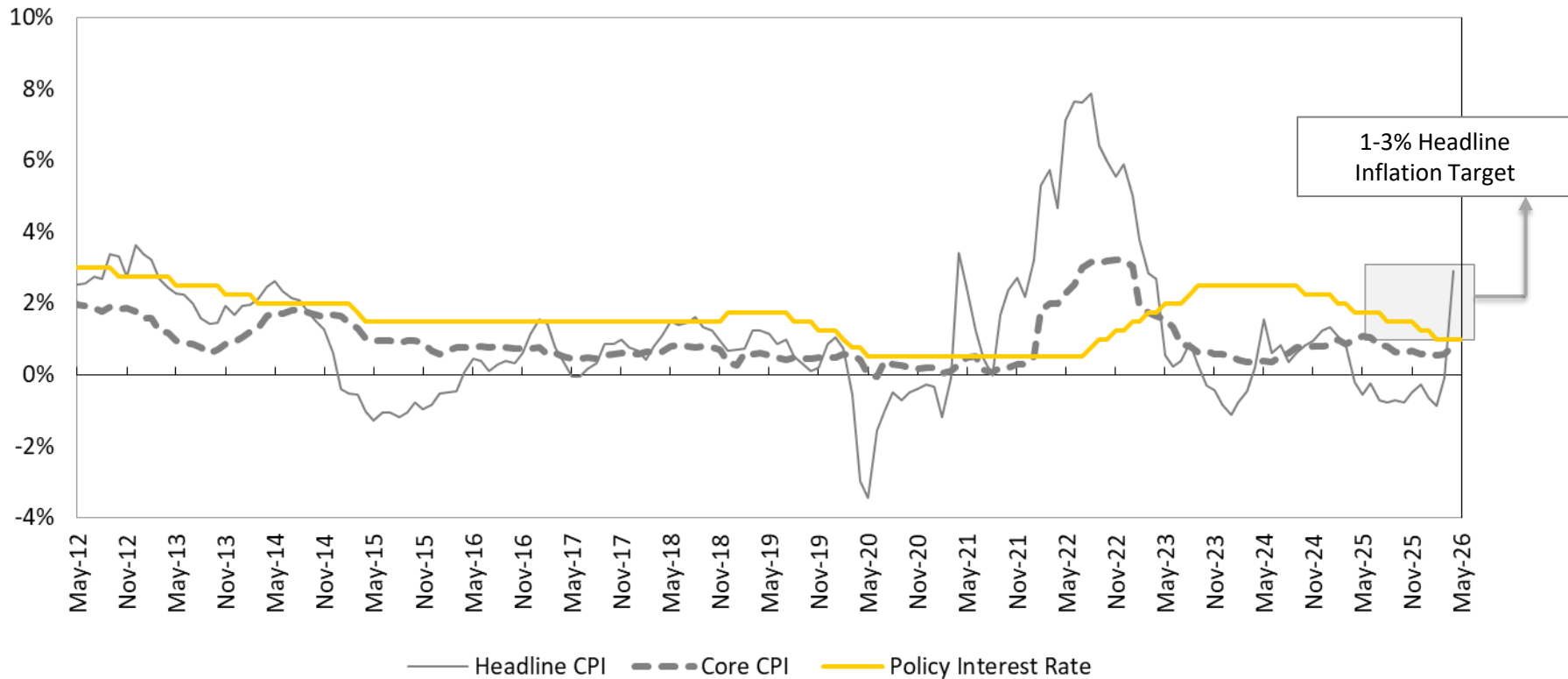
Thailand: Domestic Economy



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

Thailand: Inflation

Inflation and Policy Interest Rates



year-on-year change	Headline CPI	CPI Excluding Raw Food & Energy
Apr-26	2.89% ▲	0.83% ▲
Mar-26	-0.08% ▲	0.57% ▲
Feb-26	-0.88% ▼	0.56% ▼

Ministry of Commerce, Bank of Thailand

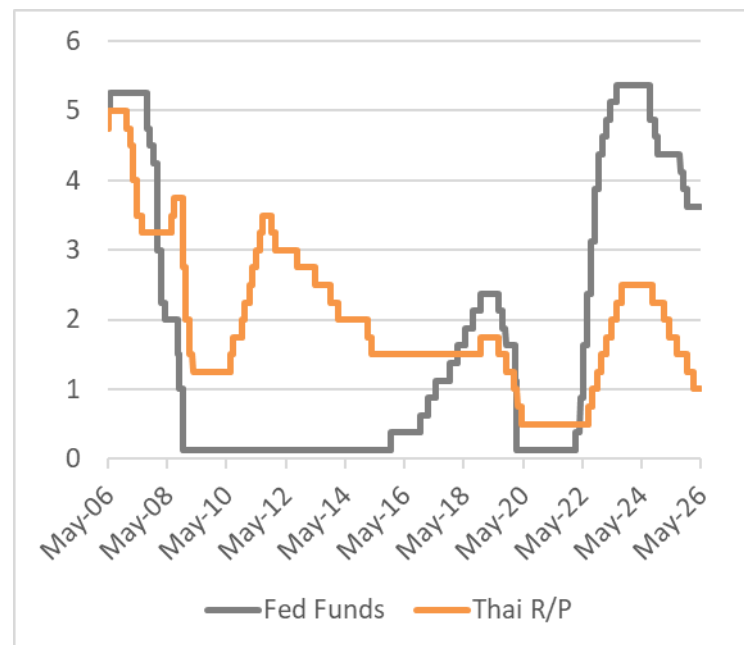
Interest Rate Market Update

Hawkish repricing risks reversal

- There was no FOMC rate review in May while data highlighted enduring upside inflation risks alongside continued labor market resilience. The April non-farm payrolls report revealed 115,000 job gains, beating expectations. The unemployment rate remained steady at 4.3%. At the same time, producer prices rose by 6.0% y-o-y in April, marking the sharpest increase in four years, driven by rising costs across both goods and services. Meanwhile, minutes from the Apr. 28-29 FOMC meeting revealed a majority indicated that some degree of further policy tightening would likely be warranted should inflation stay persistently above the Fed's 2% target.

- UST yields hit fresh cyclical highs on concerns prolonged energy disruptions would likely keep inflation higher for longer, prompting hawkish Fed repricing. A Warsh-led Fed amid elevated inflation and potentially less forward guidance could imply front-end yields are likely to be more reactive to data surprises. We expect Chair Warsh to downplay the urgency for rate hikes as things stand, instead shifting focus toward the disinflationary effects of AI-powered productivity gains. Given current market pricing, we see room for yields to retrace should Middle East tensions ease.

US Federal Funds and Thai Policy Rates (%)



end of period	Nov-25	Feb-26	Apr-26	May-26
SOFR6M	3.70377%	3.61828%	3.68419%	3.71384%
THOR6M	1.60536%	1.39805%	1.22521%	1.14585%
Diff	-2.09841%	-2.22023% ▼	-2.45898% ▼	-2.56799% ▼

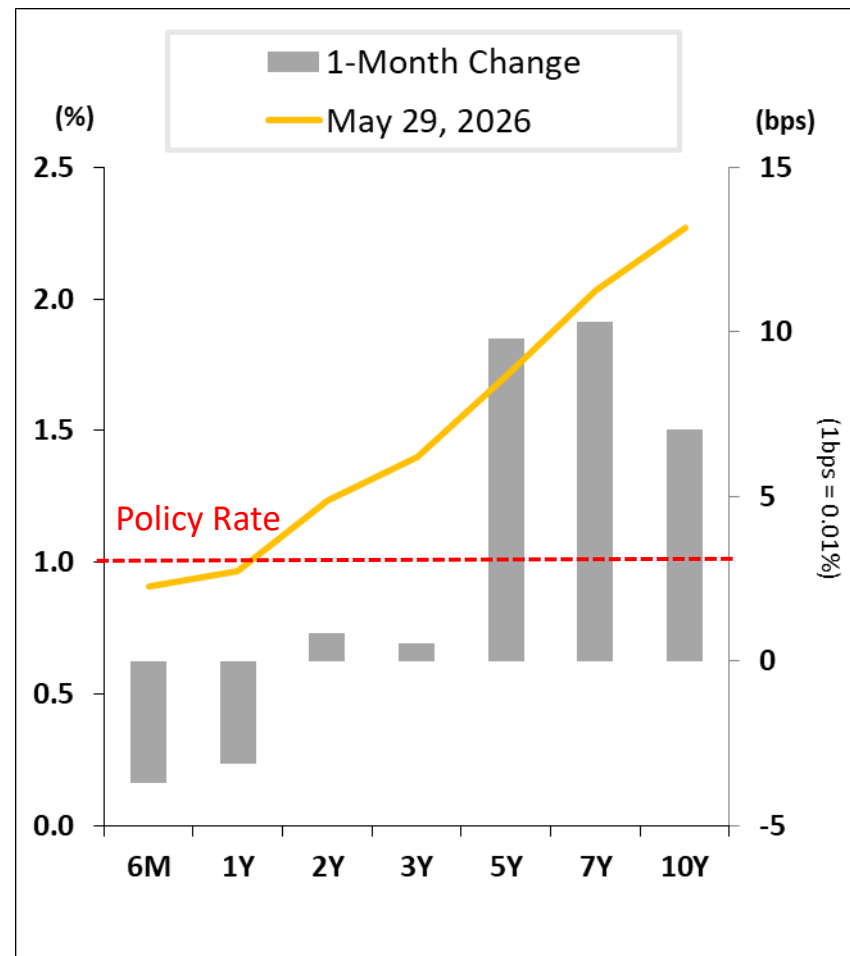
Refinitiv

Interest Rate Market Update

Upbeat Q1 GDP but outlook portrays headwinds

- The economy in Q1 expanded 2.8% y-o-y, helped by higher exports, consumption and investment. The National Economic and Social Development Council though maintained its full-year growth projection unchanged at 1.5% to 2.5%. The NESDC forecast exports would grow by 9.6% this year, up from an earlier estimate of 2.0% growth. However, tourism is expected to decline, with foreign arrivals forecast at 32 million arrivals this year, down from a February estimate of 35 million. Finance Minister Ekniti said exports and purchasing power will soften in Q2 due to the war in the Middle East. He added that there is room for fiscal policy to boost growth, noting the debt-to-GDP ratio would reach 68% this year and 69% in 2028.
- Thai sovereign yields advanced and the curve steepened, with ten-year yields hitting levels not seen since early 2025. On the fiscal stimulus front, Thai Chuay Thai Plus launched on Jun. 1st is estimated to add around 0.2-0.5ppt to GDP growth. The 60/40 scheme will provide THB1,000 per person per month between June and September, with the government covering 60% of eligible spending. The program targets 30 million participants and carries a budget of THB120 billion. However, soaring living costs, subdued income growth, and high household debt are likely to keep consumer spending cautious. Looking ahead, we continue to expect the MPC to stand pat at 1.00% over the coming quarters in light of oil-induced inflation spike and fragile economic growth prospects.

Thai Government Yield Curve



Thai Bond Market Association

Forecast

FX	USD/THB	USD/JPY	JPY/THB
May 2026*	32.57	159.28	20.48
June 26F	32.20-33.50	156-162	20.00-21.00
Q3/26F	32.00-33.50	152-160	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 June 2, 2026, * upper bound

NESDC Economic Projection

	2025	2026F
Real GDP growth	2.4%	2.0%
Private Consumption growth	2.7%	2.4%
Private Investment growth	3.5%	3.7%
Public Consumption growth	0.6%	1.2%
Public Investment growth	8.9%	3.1%
Export Value growth	12.7%	9.6%
Import Value growth	13.0%	14.2%
Current Account (USD bn)	15.9	6.2
Headline CPI Inflation	-0.1%	2.5%

Office of the National and Social Development Council, May 2026



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