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THB Thermometer

February 2026

Foreign Exchange Market Update

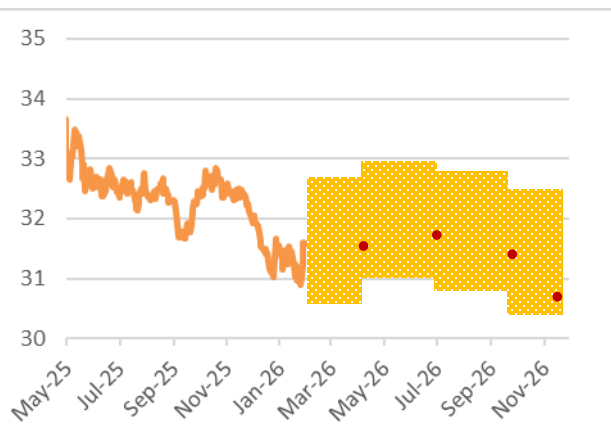
Recap : January

Slight Baht Appreciation

- The baht rallied to levels not seen since March 2021 in tandem with the negative dollar sentiment before ending a volatile month little changed. BoT Governor Vitai said there will be a daily cap on gold transactions at THB50 million starting from March to reduce volatility and prevent sharp appreciation of the baht. He added the BoT has taken care of the baht at its full capacity. The BoT recently commented that the U.S. decision to add Thailand to its monitoring list did not constrain ability to curb baht swings.
- USD3.1 billion current-account surplus in December; USD17.7 billion surplus in 2025
- THB4.4 billion net foreign buying of SET-listed shares in January
- THB43.5 billion net foreign buying of Thai government bonds in January

* 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	0.16%	-1.01%
3 months	2.78%	2.71%
12 months	6.59%	6.37%

As of January 30, 2026, “-” indicates THB depreciation

Outlook: Modest Strength

We maintain our USDTHB forecast profile as the baht will continue to be guided mainly by overseas developments, such as expected Federal Reserve policy, swings in gold prices, and the prospect of yuan appreciation. Even so, the baht’s upward trajectory is likely to be gradual amid intermittent pullbacks along the way. While the BoT played down the significance of Thailand being added to the U.S. Treasury’s watchlist, we reckon the appetite to actively curb baht strength may moderate in the period ahead.

Foreign Exchange Market Update

Recap : January

The USD index fell on policy uncertainties before paring losses. President Trump threatened to impose more tariffs on eight European countries, unless they allow the U.S. to purchase Greenland. Trump reversed course, citing framework of a deal. USD selloffs accelerated after Trump dismissed concerns over weakness of the greenback. Meanwhile, former Fed Governor Warsh was announced as Chair Powell's successor, helping ease Fed's independence risks.

€ Performance

Appreciation

Heightened uncertainty around U.S. policy, which prompted a USD-debasement narrative, helped lift the euro to a four-year high. Multiple European nations had prepared to retaliate in response to Trump's tariff threats connected to his push to acquire Greenland.

€ Outlook

Appreciation

An acute, Trump-driven selloff in the dollar would leave the euro as the primary beneficiary. Nevertheless, we remain cautious over growing downside risks for the European Central Bank's policy interest rate, especially in the context of a stronger euro.

¥ Performance

Appreciation

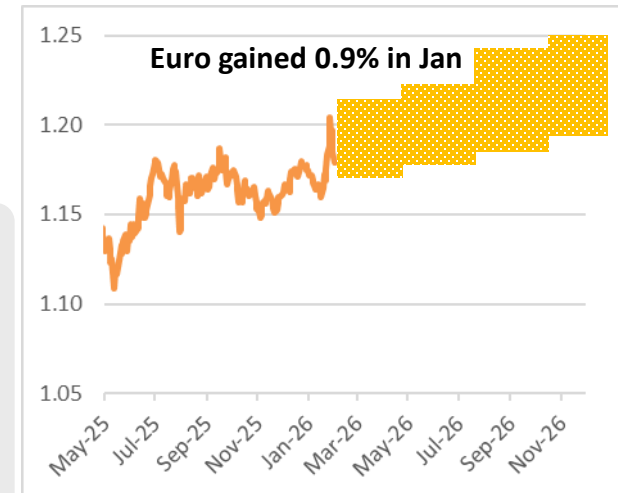
Yen weakness came to an abrupt halt on news the New York Fed conducted a 'rate check' on USDJPY, sparking fears about joint intervention. The Bank of Japan on Jan. 23rd held rates at 0.75% and stressed it will remain vigilant to price risks from a weak yen.

¥ Outlook

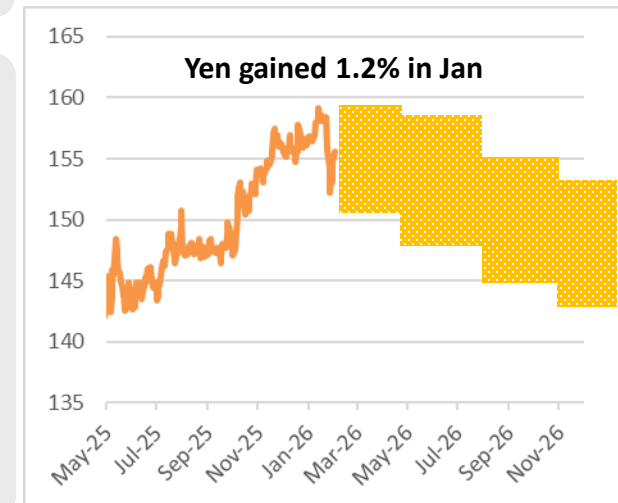
Eventual Appreciation

It appears the LDP looks set to obtain a robust outcome in the Feb. 8th election, which would boost PM Takaichi's authority to continue reflation-focused policy approach, hurting the yen in the near term, but intervention angst would linger. For the yen to rise more sustainably, a scaling back of aggressive fiscal plan or quickening the pace of BoJ rate hikes is required.

EUR/USD

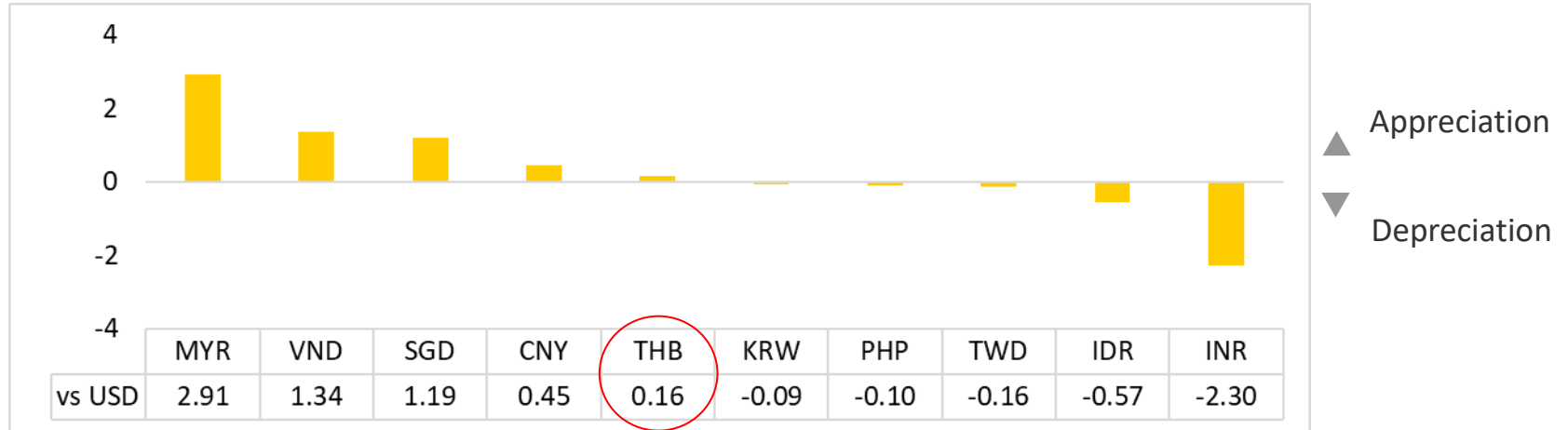


USD/JPY

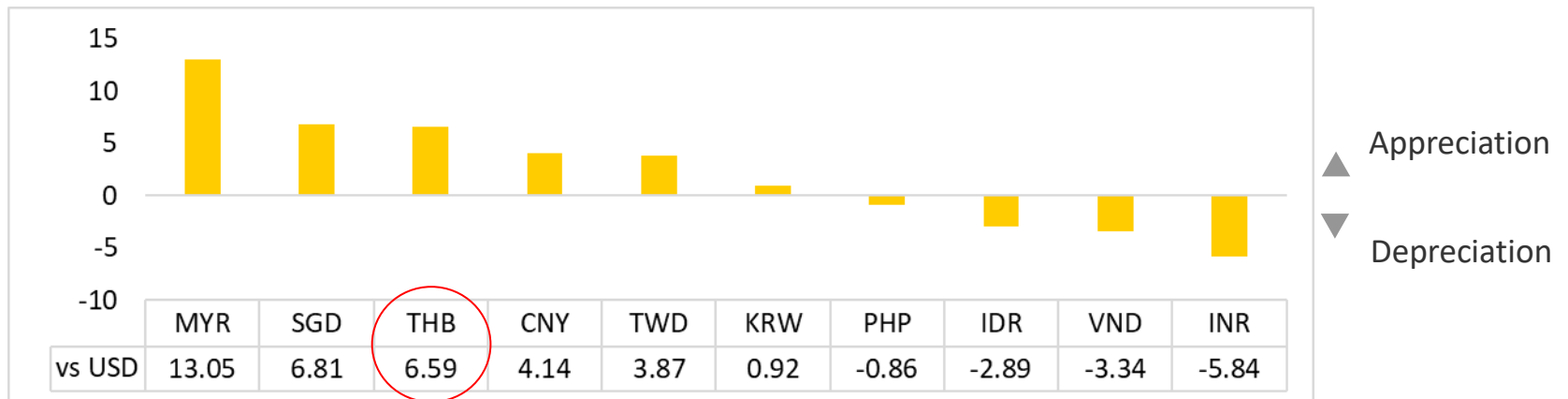


Foreign Exchange Market Update

Monthly Performance (%)



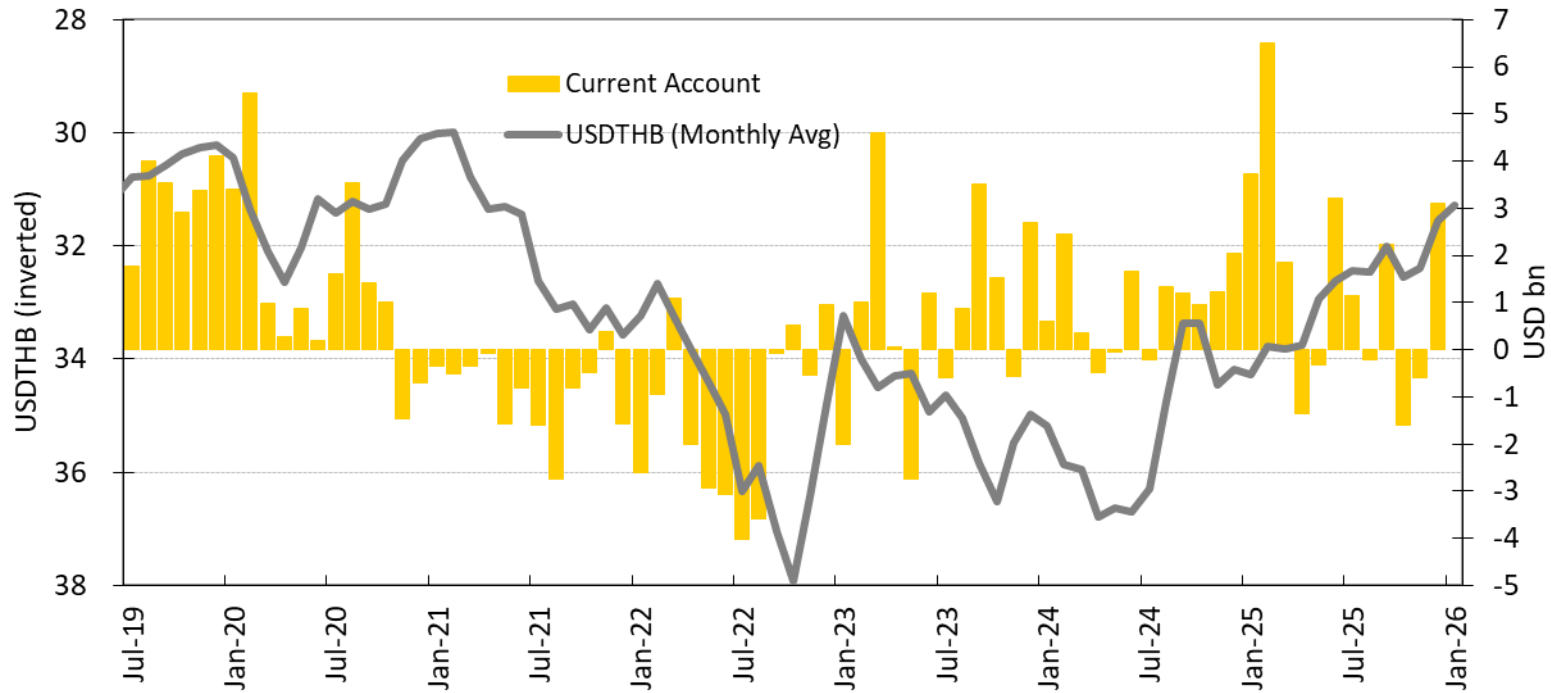
Yearly Performance (%)



Bloomberg, Refinitiv, data as January 30, 2026, yearly is past 12 months, "-" indicates currency depreciation against USD

Thailand: External Accounts

Current Account & USD/THB



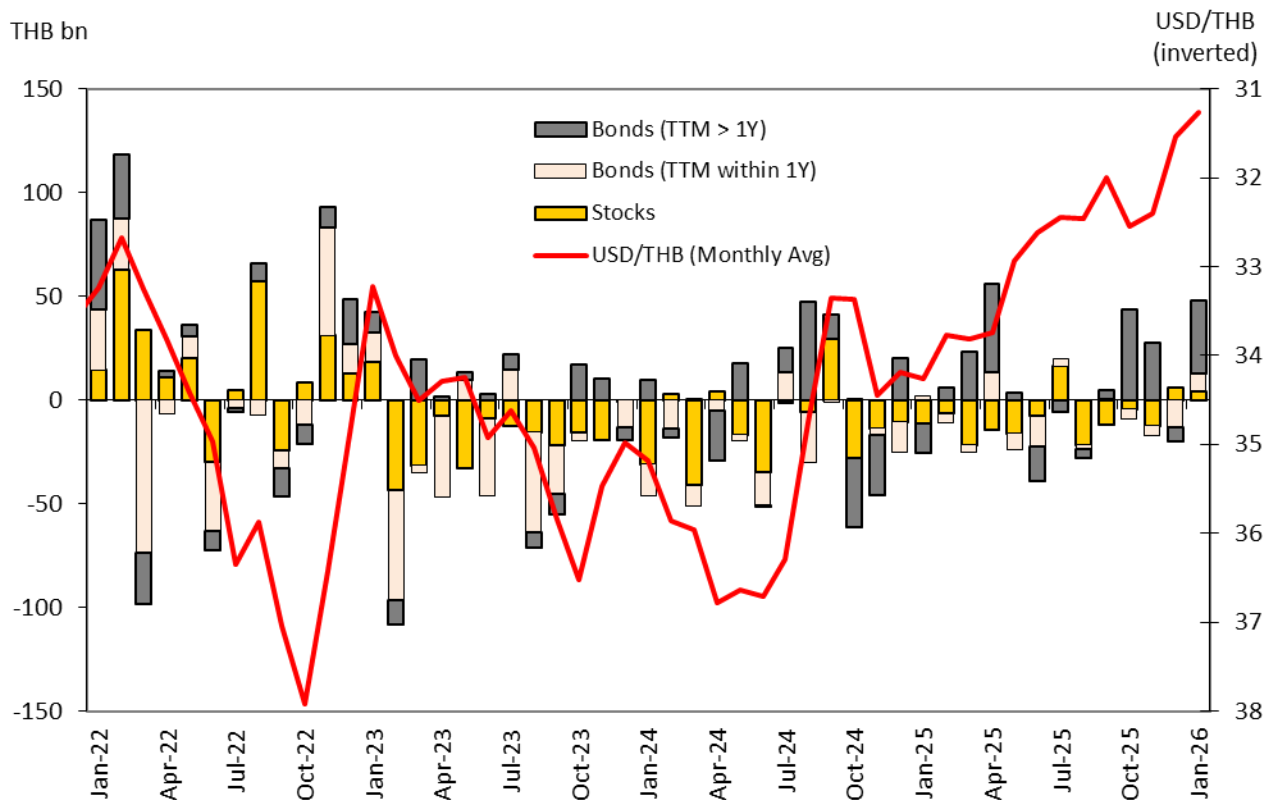
	Exports % y-o-y	Imports % y-o-y	Trade Balance USD bn	Current Account USD bn	Reserves* USD bn
Dec-25	18.1	18.0	2.7	3.1	305.60 ▲
Nov-25	5.5	17.3	-0.2	-0.6	298.72 ▲
Oct-25	5.3	17.1	-1.0	-1.6	295.46 ▼

Bank of Thailand, * including net forward position

Thailand: Foreign Portfolio Flows

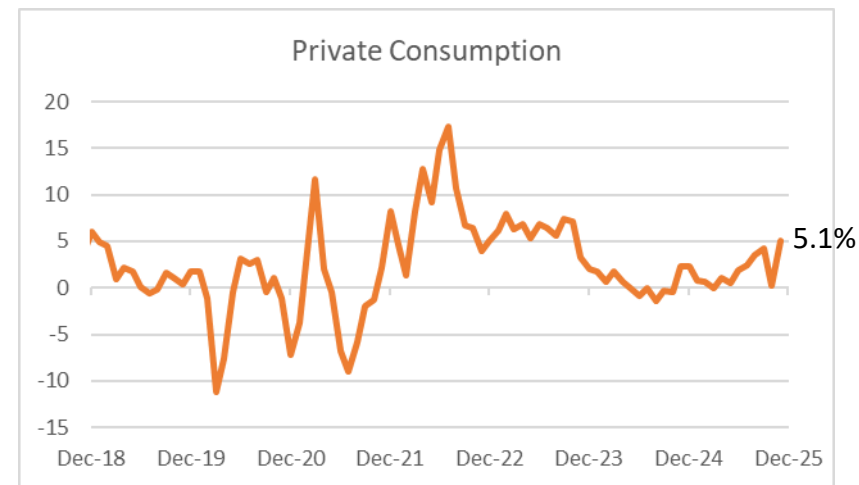
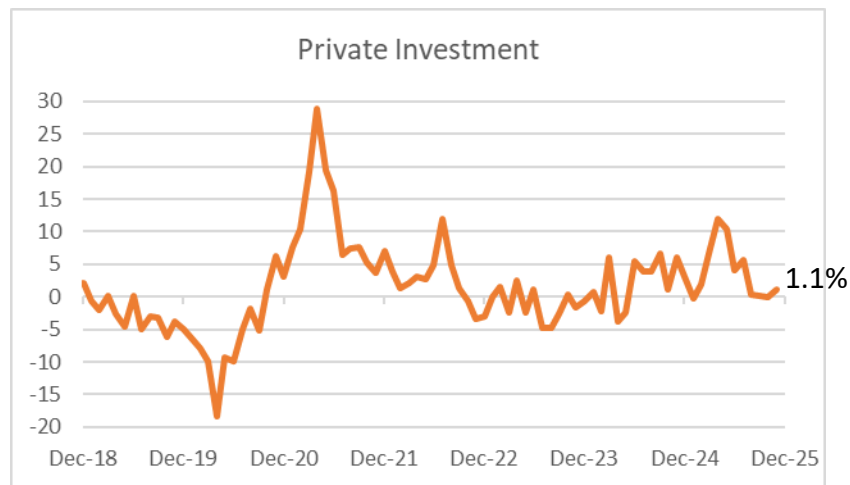
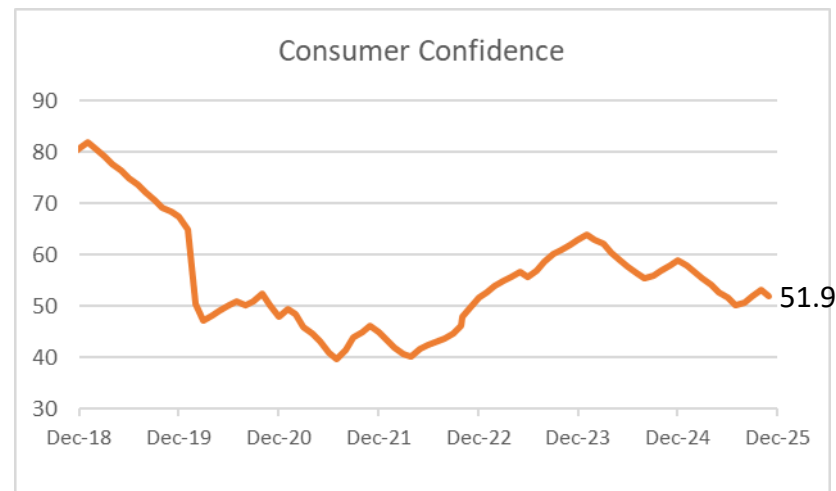
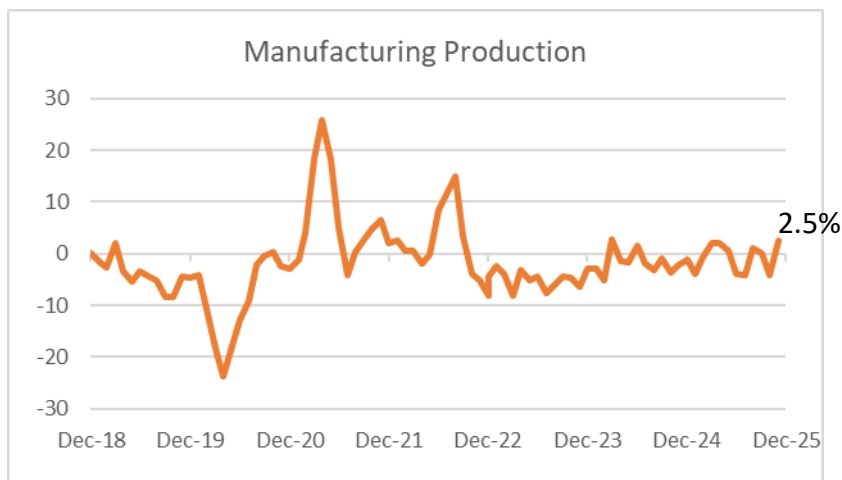
Net Foreign Position & USD/THB

THB mn	2021	2022	2023	2024	2025	1M2026
Stocks	(48,578)	201,895	(192,490)	(147,940)	(107,060)	4,355
Bonds	145,917	48,448	(146,148)	(67,608)	65,876	43.459



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: January 2026*

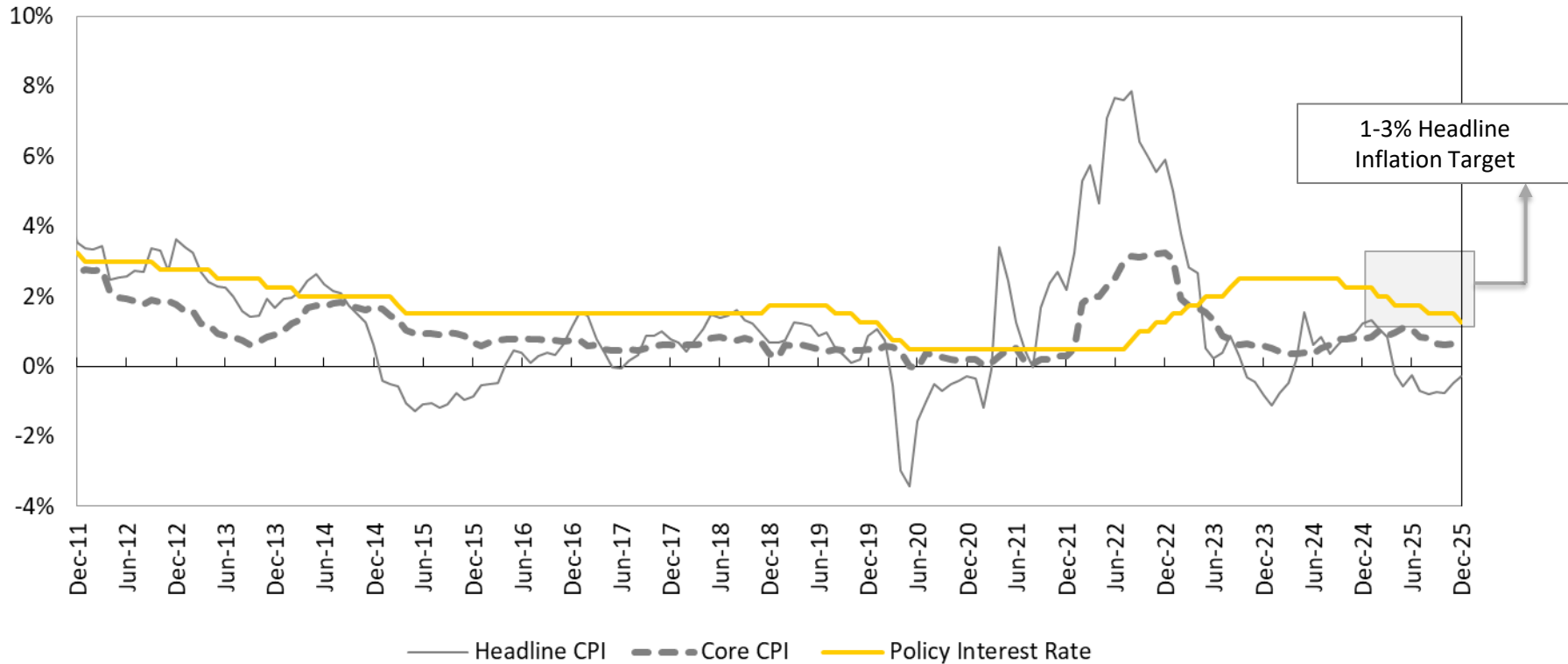
Thailand: Domestic Economy



Bank of Thailand, UTCC, last data points: December 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% ▼

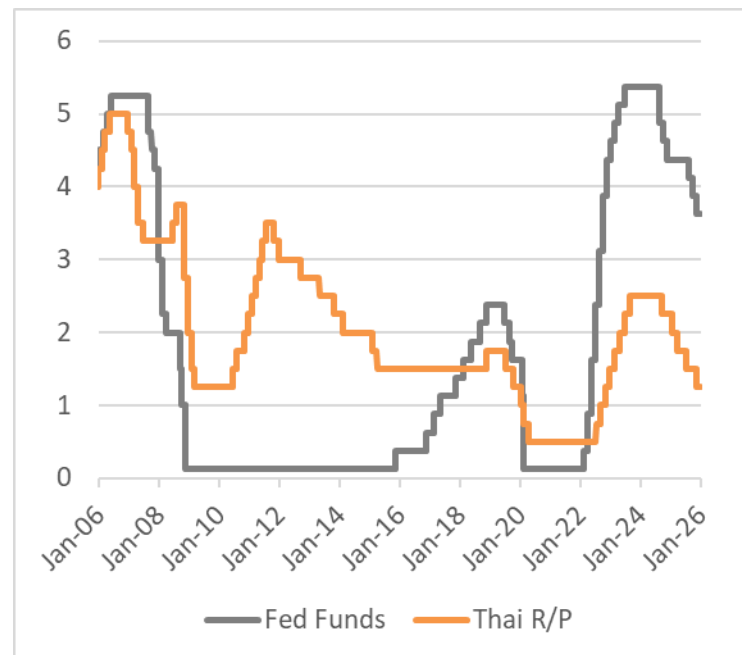
Ministry of Commerce, Bank of Thailand

Interest Rate Market Update

An extended hold ahead

- The FOMC at the end of the Jan. 27-28 meeting kept the funds rate at 3.50-3.75%, with two dissents who preferred a 25bp cut. The decision marked a pause following three consecutive rate reductions beginning in September 2025. Notably, the meeting occurred amid legal and political scrutiny affecting Fed leadership in the background. Meanwhile, the Fed noted that inflation remained elevated and the labor market continued to stabilize. The accompanying statement did not signal any near-term rate cut. A warning in the previous statement, that downside risks to employment had risen, was omitted this time. Chair Powell said overall economic activity remains solid and the balance of risks to the dual mandate is improving.
- UST yields ticked higher on mixed economic figures, spillover from the JGB market, uncertainty over the legality of reciprocal tariffs, and as Trump had kept markets guessing about the new Fed Chair. With former Governor Warsh to succeed Powell, monetary policy making will remain data-dependent. We expect a pause for now, with at least one cut likely this year.

US Federal Funds and Thai Policy Rates (%)



end of period	Jul-25	Oct-25	Dec-25	Jan-26
SOFR6M	4.19138%	3.78944%	3.57418%	3.61597%
THOR6M	1.91167%	1.64385%	1.54244%	1.45862%
Diff	-2.27971%	-2.14559% ▲	-2.03174% ▲	-2.15735% ▼

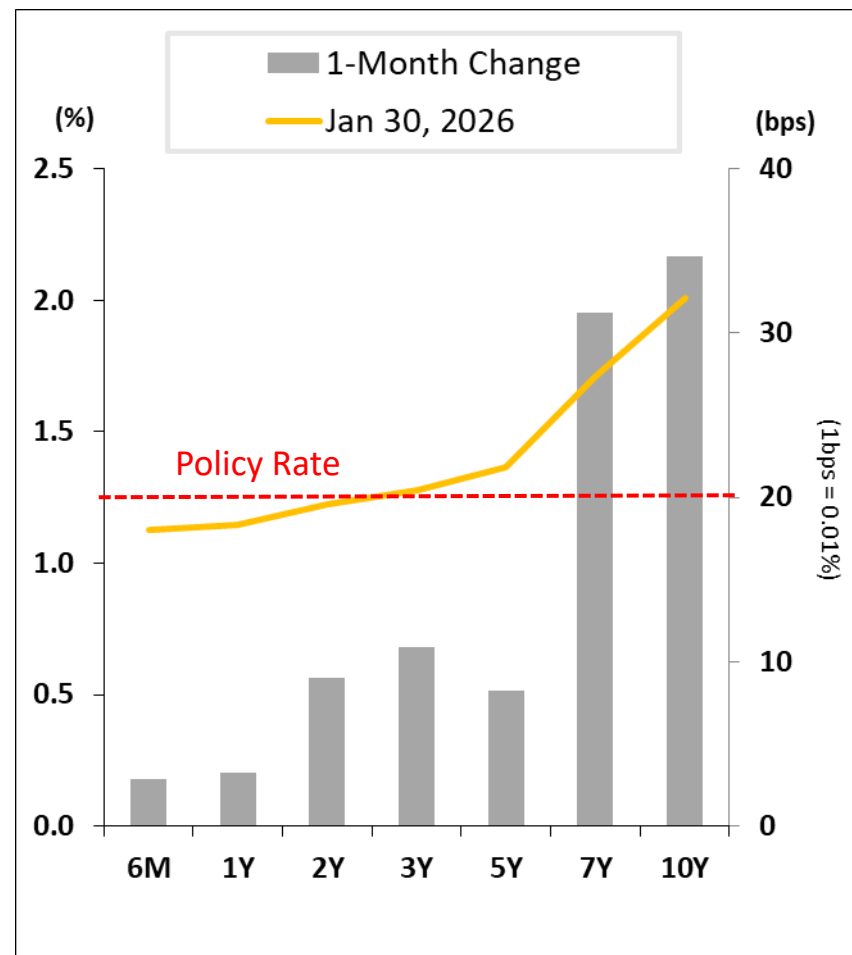
Refinitiv

Interest Rate Market Update

Riding populist wave

- There was no MPC rate review in January while the BoT reiterated caution over downside risks to growth, but at the same time, echoed limited policy space. The December meeting minutes revealed policy could be more accommodative as the economy showed clearer signs of slowdown in the midst of heightened risks. Policymakers were also concerned about the baht's strength, and warned that the economy continued to face prolonged cyclical pressures, structural challenges and uncertainties. BoT Governor Vitai noted that the economy may grow by up to 1.7% this year and is still below its potential, adding that growth should be as high as 2.7%. Separately, the Ministry of Finance projected 2026 GDP growth of 2.0%. Exports are expected to rise 1.0% compared with an earlier forecast of a 1.5% contraction.
- Thai sovereign yields kicked off the year higher and the curve steepened alongside global counterparts and duration adjustments by onshore players. With the national election set for Feb. 8th, political parties have stepped up their campaign efforts. Anxiety that the new government could roll out assertive populist policies and raising fiscal risk put upward pressure on long-term bond yields to some extent. As for the MPC, we continue to expect one 25bp rate cut to 1.00% in Q2/26, a scenario partially priced by market participants.

Thai Government Yield Curve



Thai Bond Market Association

Forecast

FX	USD/THB	USD/JPY	JPY/THB
Jan 2026*	31.45	154.78	20.40
Q1/26F	30.75-32.75	151-159	19.50-21.00
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 February 3, 2026, * upper bound

MoF Economic Projection

	2025F	2026F
Real GDP growth	2.2%	2.0%
Private Consumption growth	3.3%	2.5%
Private Investment growth	2.9%	3.2%
Public Consumption growth	0.5%	1.3%
Public Investment growth	6.9%	-1.7%
Export Value growth	12.7%	1.0%
Import Value growth	13.8%	3.9%
Current Account (USD bn)	17.7*	12.0
Headline CPI Inflation	-0.1%*	0.3%

* Actual, Fiscal Policy Office, January 2026



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