

# Thailand's Economic Outlook 1Q2025

Growth, March 2025



01

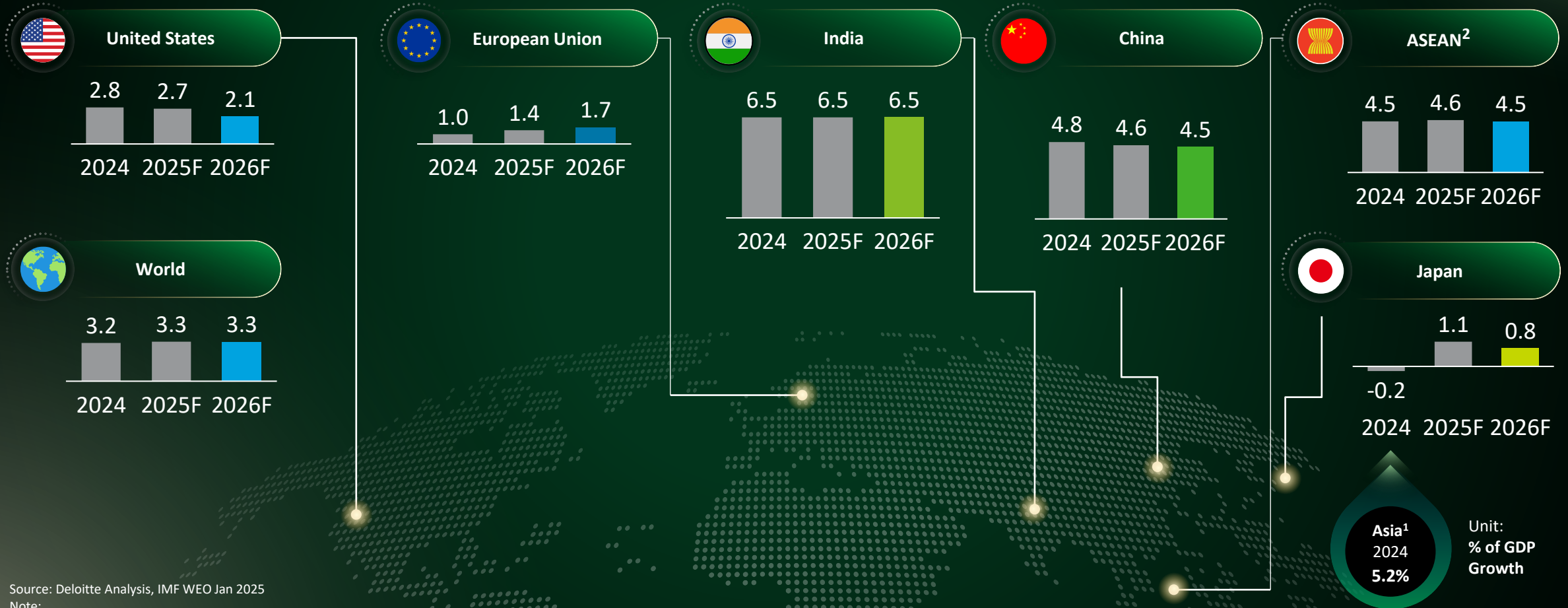
# Global Economy

1Q2025





Global growth is anticipated to be 3.3% in both 2025 and 2026, which is below the historical average of 3.7% recorded from 2000 to 2019. Global headline inflation is projected to decrease to 4.2% in 2025 and further to 3.5% in 2026, returning to target levels sooner in advanced economies compared to emerging markets and developing economies.



Source: Deloitte Analysis, IMF WEO Jan 2025

Note:

1 Asia refers to Emerging and Developing Asia



2 ASEAN refers to ASEAN-5; Indonesia, Malaysia, Philippines, Singapore, Thailand

# Key Takeaways and Watchlist in 2025





US

## Key Takeaway

-  Rising inventories, partly due to frontloading of trade.
-  Plummeted equity prices amid concerns of tariff policy uncertainty.
- Lower-than-expected inflation, at 2.8% in Feb 25, which core inflation was also the lowest figure since Apr 21, at 3.1% in Feb 25.
- Surged in layoffs, over 172K in Feb 25, dominated by the government sector.
- Weak retail sales, up 0.2% from Feb to Mar 2025.

## Watchlist

-  Reciprocal tariff, maintaining corporate income tax, import tariff
-  Fed interest rate direction amid concerns about recession





EU

## Key Takeaway

-  Potential massive defense spending which might boost global usage of the euro.
-  US imposing a 200% tariff on alcohol from the EU.
- The EU's plan for 50% tariffs on imports of American whiskey, motorcycles, and motorboats starting April 1 as retaliatory tariffs against the U.S.



## Watchlist

-  The ECB is likely to be more focused on inflation and therefore take a more gradual approach to easing monetary policy.
-  Retaliatory measures or tariffs to the US tax increases



Japan

## Key Takeaway

-  Export rose 11.4% in Feb 25 thanks to demand for cars, chip-making machinery and electronic parts as importers rush to secure products before the US imposes higher tariff.
-  The yen's depreciation makes imports like food and energy more expensive, contributing to Japan's sluggish consumption.

## Watchlist

-  Japanese companies are offering workers their largest pay increase in three decades, boosting household spending and supporting its economic recovery.
-  The policy rate, which tends to be held steady longer due to concerns over the potential impact of global trade frictions.




China

## Key Takeaway

-  2M2025 Retail sales improved 4% YoY with 25% increase in spending on sports and entertainment and 11% increase in appliances spending.
- Investment in manufacturing was up 9% YoY in 2M2025.
-  The US imposed a 20% tariff on all imports from China.
- Deflation, the inflation rate was at -0.7% in Feb 25.

## Watchlist

-  Retaliatory measures against the US, such as import tariffs on US goods, especially agricultural products.
-  30-point plan to boost consumption



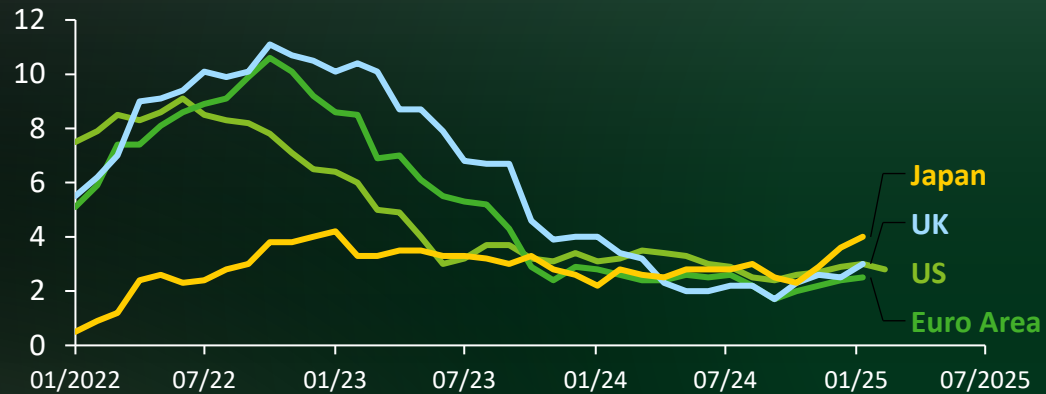


Most regions depicted in the charts have initiated further reductions in their policy rates. In contrast, Japan additionally raised its interest rates in January 2025 to highest in seventeen years to 0.5%.

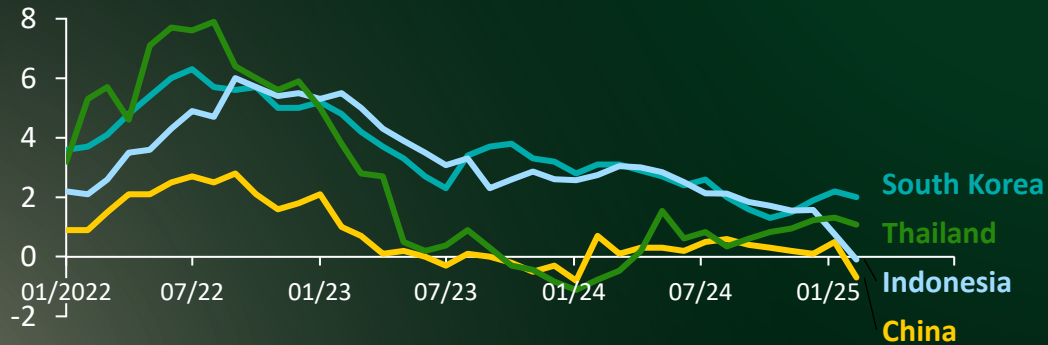


### Inflation Rate

#### Developed countries

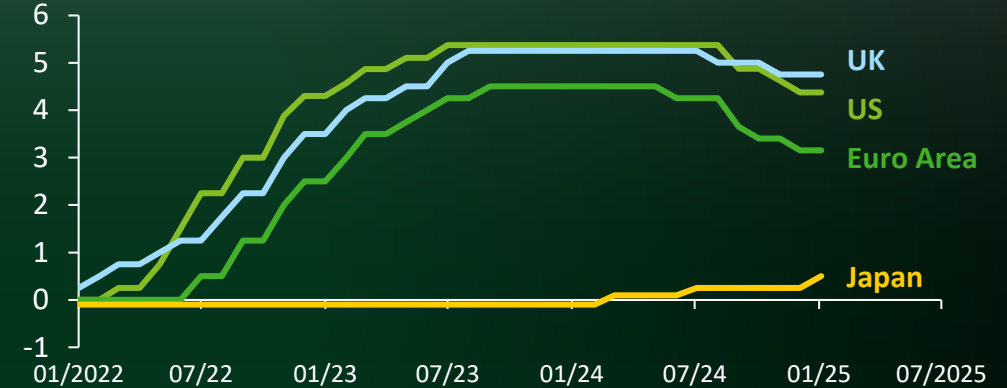


#### Developing countries & Emerging markets

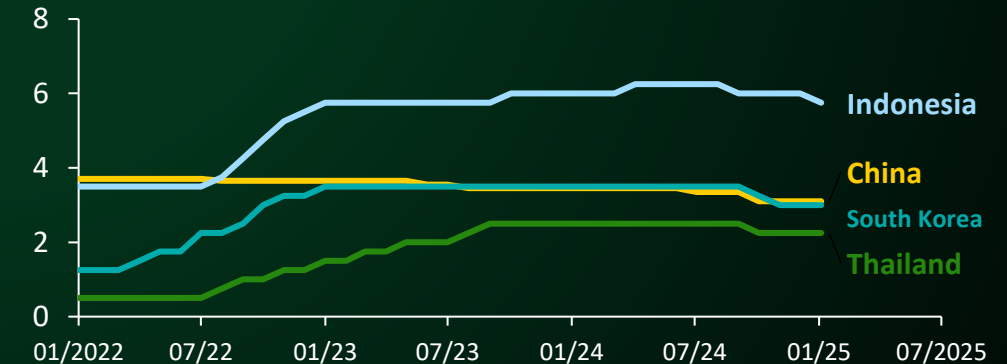


### Policy Rate

#### Developed countries



#### Developing countries & Emerging markets



# Trump's ambition: Make America Great Again



Maintain 21% corporate tax rate & reduce to 15% or less for domestic production for targeted products

Immigration overhaul with mass deportations of up to 8 million illegal workers

Levy import tariffs on US trading partners

Withdrawal from Paris Agreement, expand fossil fuel production

Less US aid including to Ukraine, Taiwan, Israel, and through USAID

## Potential Impacts

- Purchasing power of companies in US retained
- Rise in investment in some industries in US e.g. semiconductor & steel
- Increased US budget deficit and long-term bond yields
- Labor shortages in US and reduced production, especially in agriculture sector, higher wages and inflation
- Lower global trade value growth and economic growth
- Impact on Thai exports depending on US tariffs relative to those levied on other countries
- Greater investment relocation and exports to non-US markets.
- Higher investment in fossil-based energy production in US
- Downward pressure on global oil & gas prices
- Growth of ICE automobile production in US and less EV supports
- Ending of Ukraine-Russia war faster than expected, greater relocations of Taiwanese companies, continued tensions in the Middle East, and greater China's influence in ASEAN

Source: Deloitte Analysis, TDRI EIS  
Image credit: CNN, Bill Pugliano/Getty Images



# Trump 2.0 and Tariff Implementation



US

Announced a 25% tariff on all imports on Canada and Mexico & additional 10% tariff on imports from China

Announced “reciprocal tariffs” to be imposed on countries that maintain high tariffs, unfair trade practices, and significant trade surpluses with the US.



Imposed a 25% tariff on all iron & steel and aluminium imports

Source: Deloitte Analysis, TDRI EIS



China

## CHINA'S COUNTERMEASURES

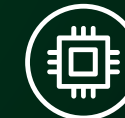
- On Feb 10, 25, China levied additional tariffs on selected the US goods, including **15% tariffs on coal and LNG** and **10% tariffs on crude oil, agricultural machinery, and large engine vehicles**.
- Implemented **export controls on essential minerals** such as tungsten and tellurium



Impacted industries:



Green technologies



Chip production



Aerospace



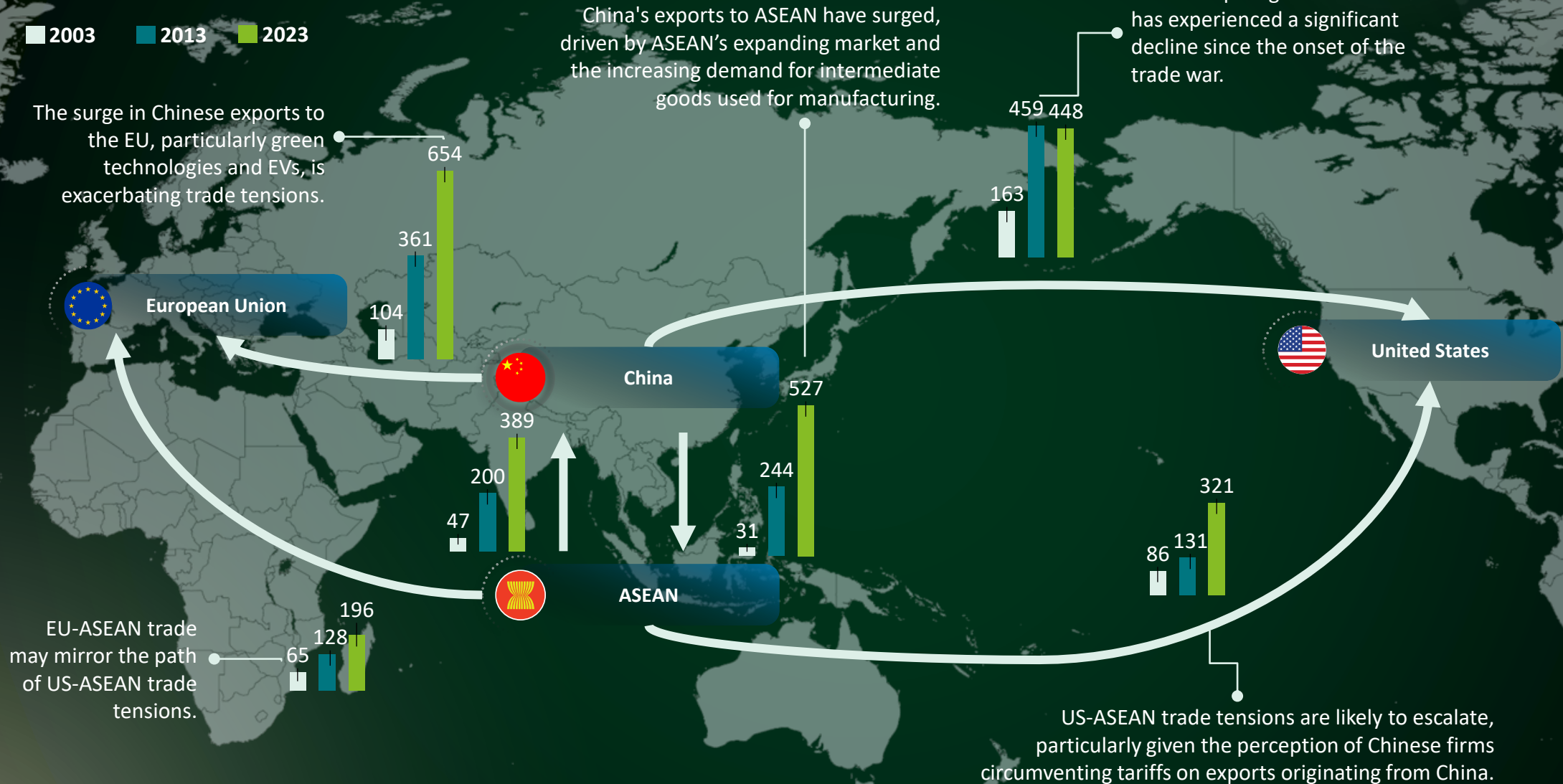
Defense industry

## ASEAN becomes integral to the global supply chain

The risk of trade retaliation is also rising...

### Trade value by selected trade flow; US\$ bn

2003 2013 2023



Sources: General Customs Administration of China; US Census Bureau; Eurostat; UN Comtrade; EIU

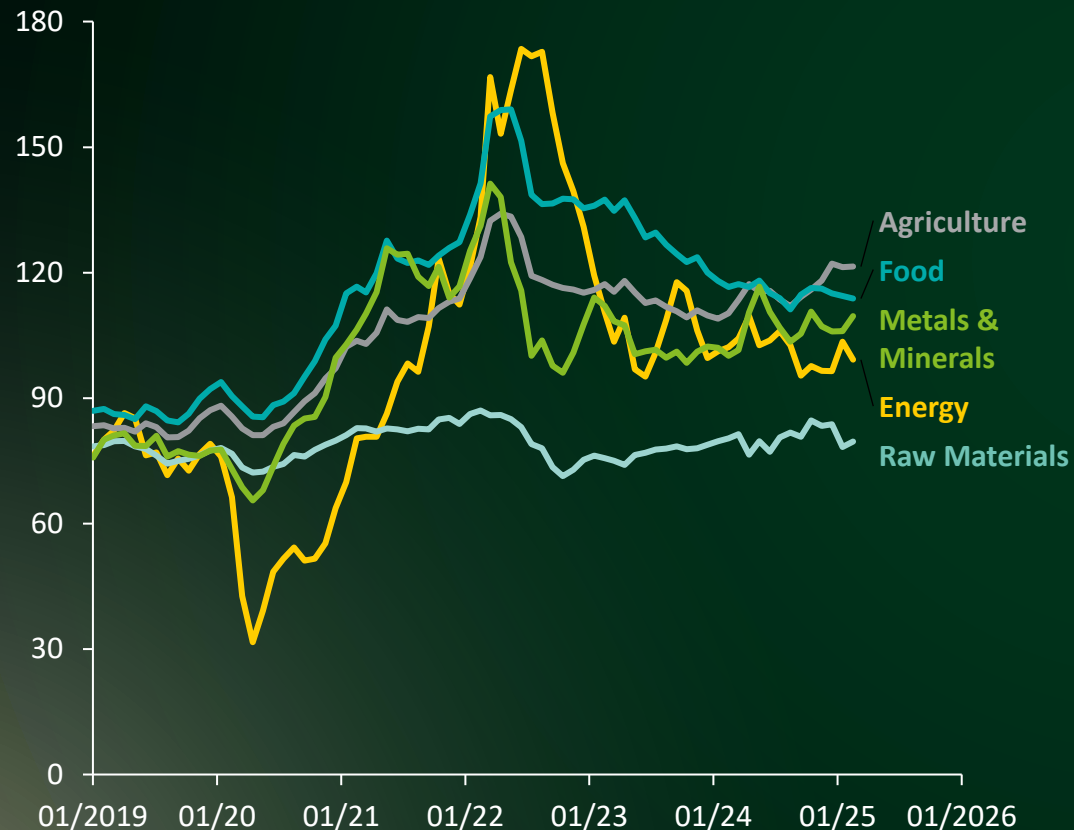




In February, the energy price index decreased by 4.2%, primarily due to reductions in coal prices (-9.8%) and crude oil prices (-5.6%), as reported by the World Bank. Non-energy prices, however, experienced a rise of 1.4%. The agricultural price index remained stable, with food prices declining by 0.5% while raw materials increased by 1.6%. Fertilizer prices surged by 7.4%.



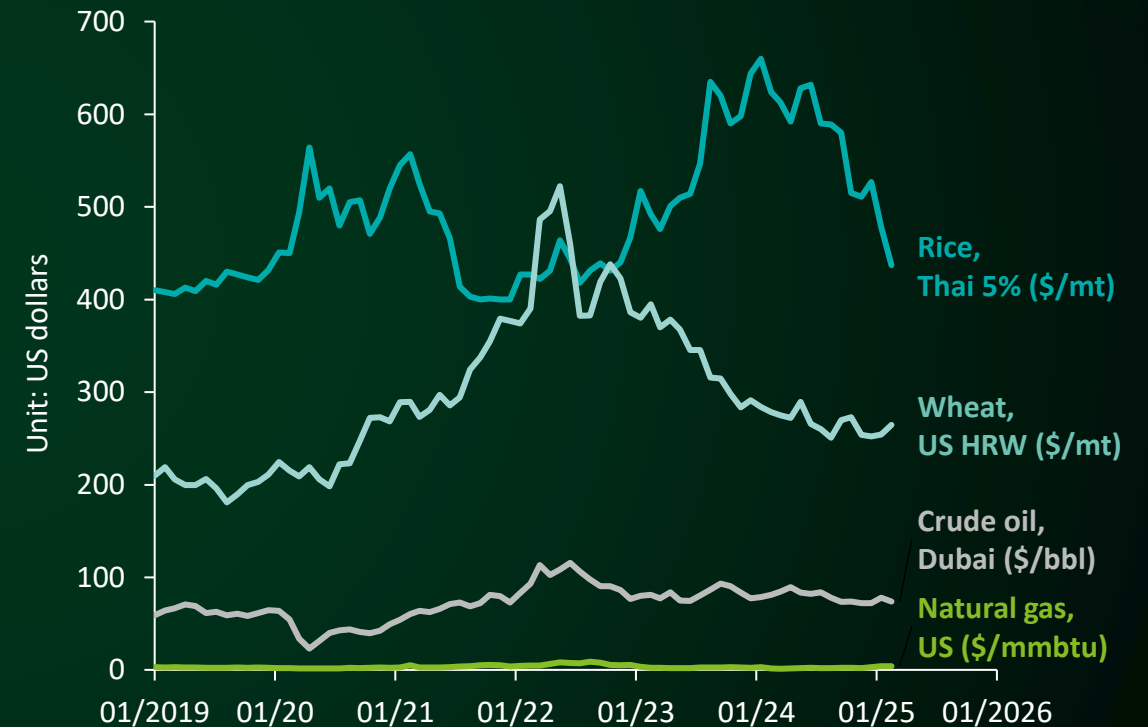
Commodities Price Index (2010=100)



Source: Deloitte Analysis, World Bank

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Commodities Price



Crude oil, Dubai (\$/bbl) forecast

2024 79.7 2025 75.0

Source: Fiscal Policy Office

Thailand's Economic Outlook 1Q2025

02

# Thai Economy

## 1Q2025





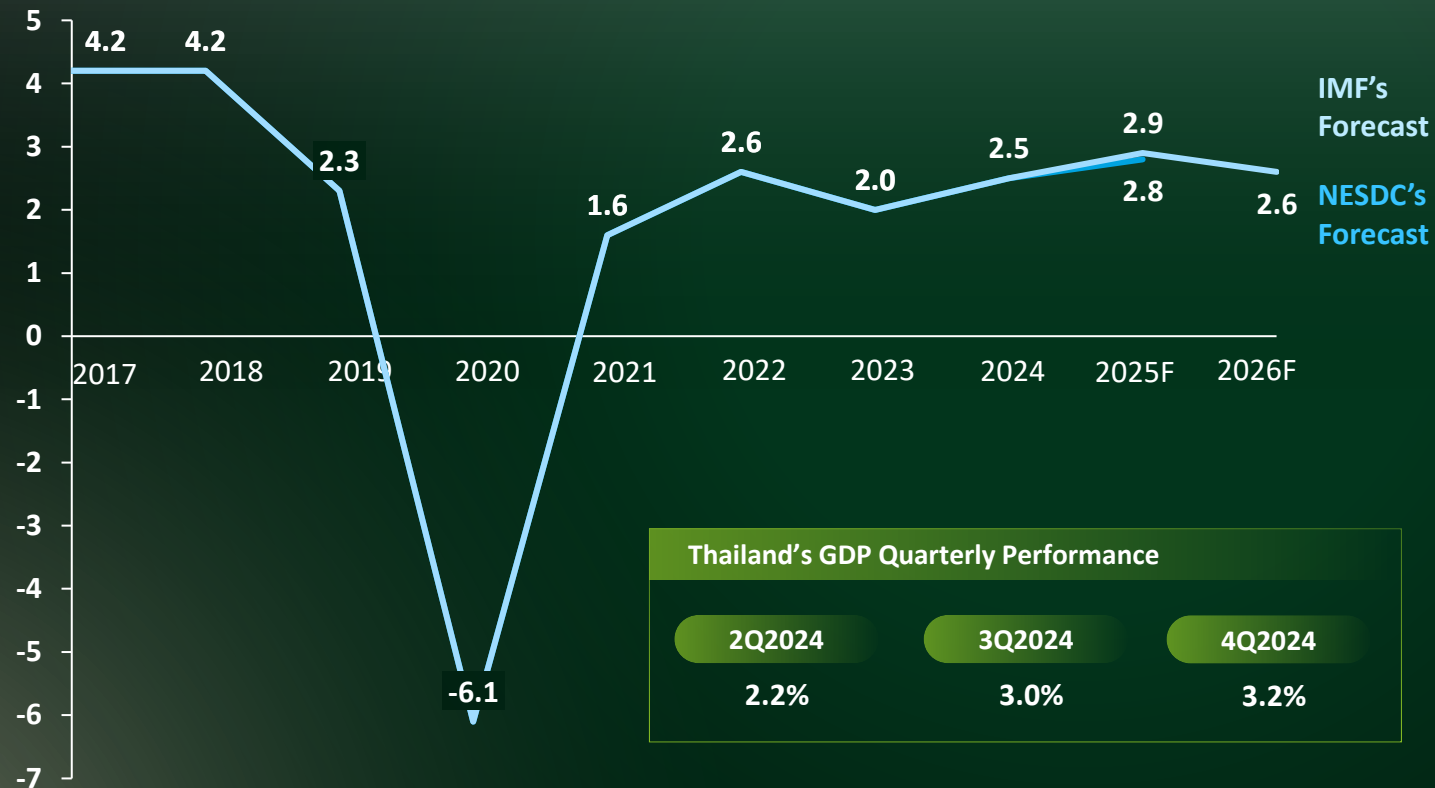


# Thailand's Economic Outlook

The Thai economy is anticipated to expand as projected. Key drivers of this growth include tourism and private consumption, further bolstered by government stimulus measures. However, despite the significant growth in the export sector, the manufacturing sector has not grown in line with exports, which is a concern for the recovery of the Thai economy.



## Real GDP Growth (%YoY)



## Key Factors to be Monitored



- ⬆ Expanding domestic consumption and tourism
- ⬆ Increased in public investment from accelerated budget disbursement
- ⬆ Recovering export
- ⬇ High household debt
- ⬇ Spill over effects from tightening trade war
- ⬇ US import tariff impacting to Thai export

Source: Deloitte Analysis, Bank of Thailand, NESDC, World Bank

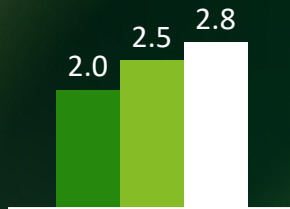


# Thailand's Economic Outlook

2025 GDP growth is expected to be primarily driven by private consumption, tourism, and exports. Public investment is forecasted to be the silver lining of 2025 GDP growth, supported by a recovery in private investment facilitated by less stringent lending criteria.

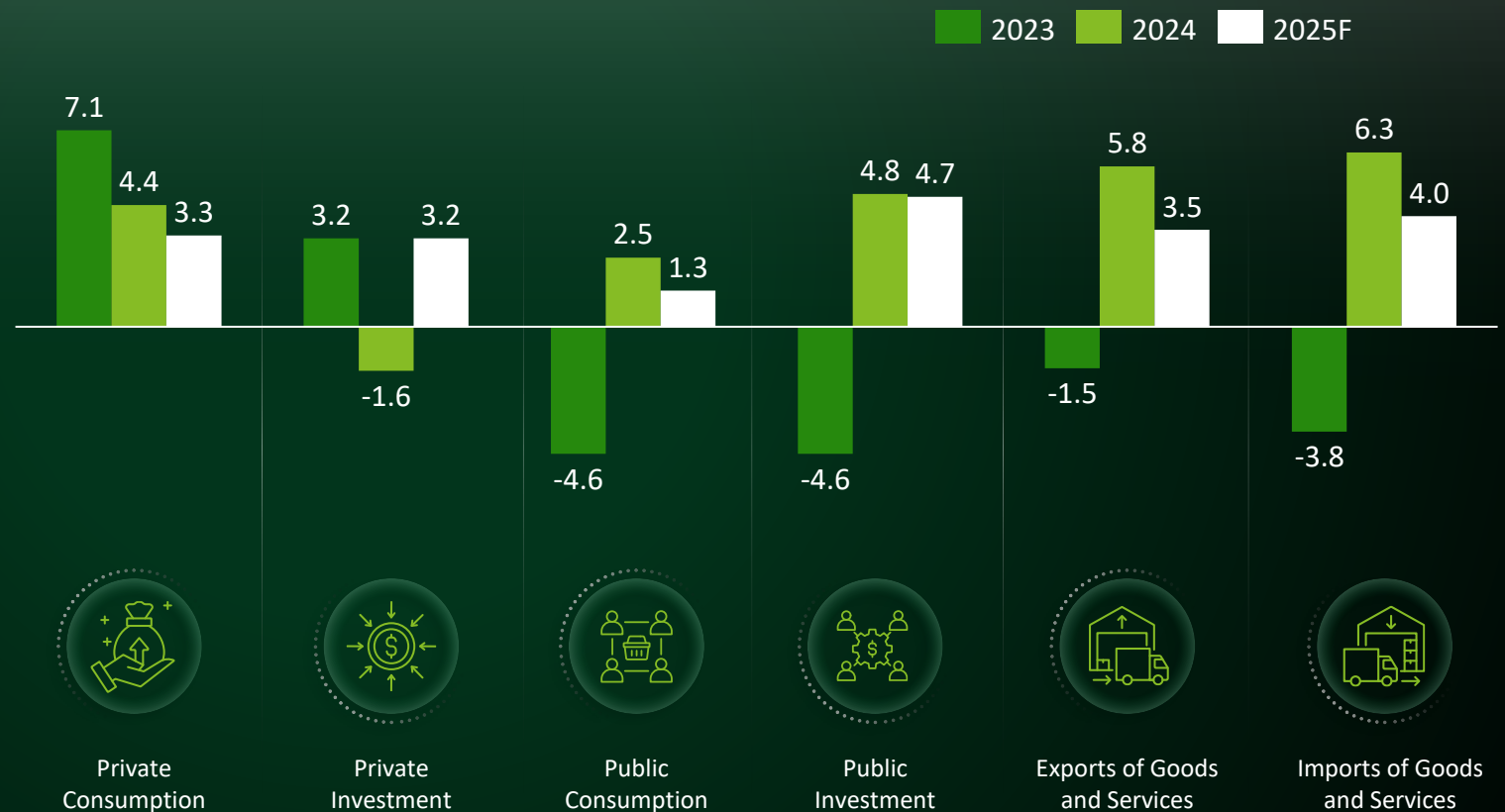


## Real GDP Growth (%YoY)



Source: Deloitte Analysis, NESDC

## Annual Percentage Change (%YoY)





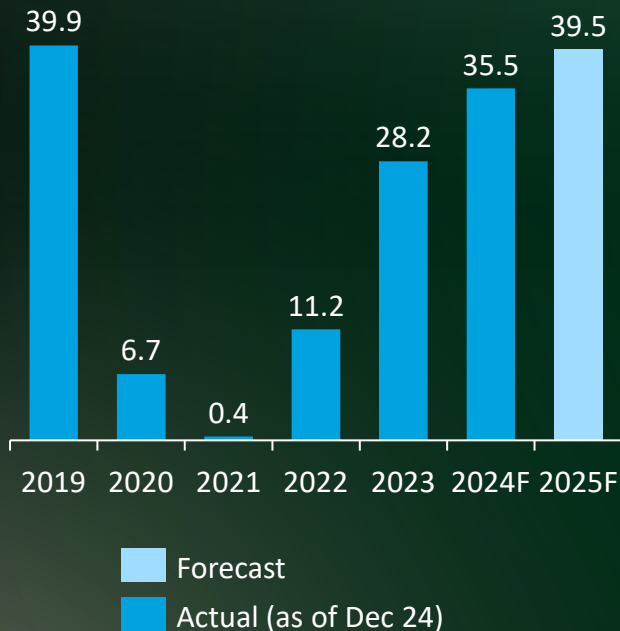


Tourist arrivals are showing a marked increase; however, 2024 tourist arrivals did not reach pre-pandemic levels. In the year, tourist arrivals from China, Malaysia, India, South Korea, and Russia have exhibited a substantial increase compared to the corresponding period of 2023.



### Foreign tourist arrivals Forecast

Unit: Million Persons



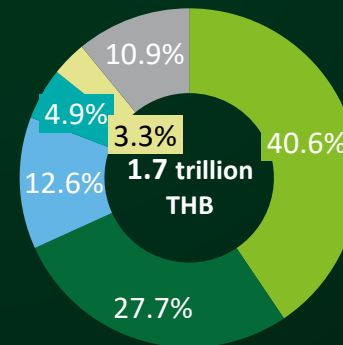
### Foreign tourist arrivals by Month

Unit: Million Persons



### Top 5 provinces received income from foreign visitors

As of Dec 24



### Foreign tourist arrivals by Month

Unit: Person (as of Dec 24)



China  
6.7M



Malaysia  
5.0M



India  
2.1M



South Korea  
1.9M



Russia  
1.7M

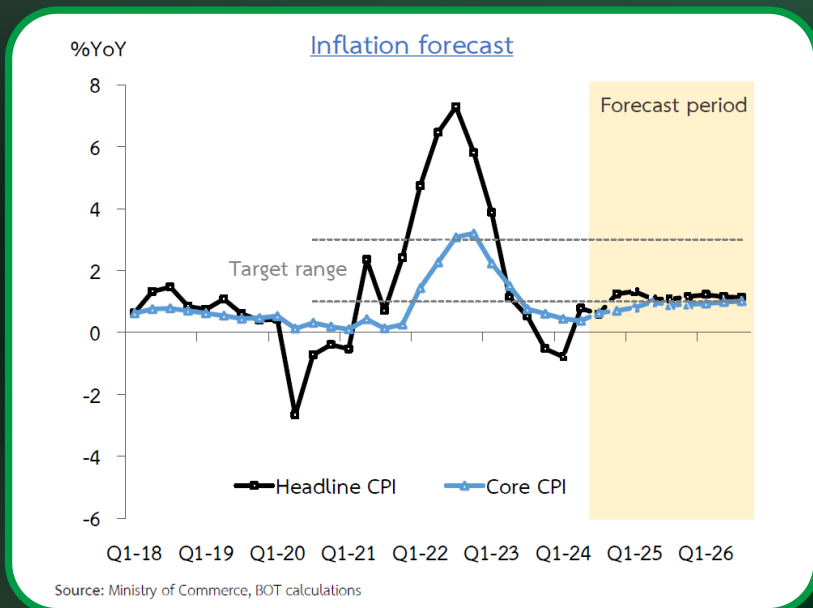


# Headline inflation is anticipated to stabilize near the lower end of the target range.

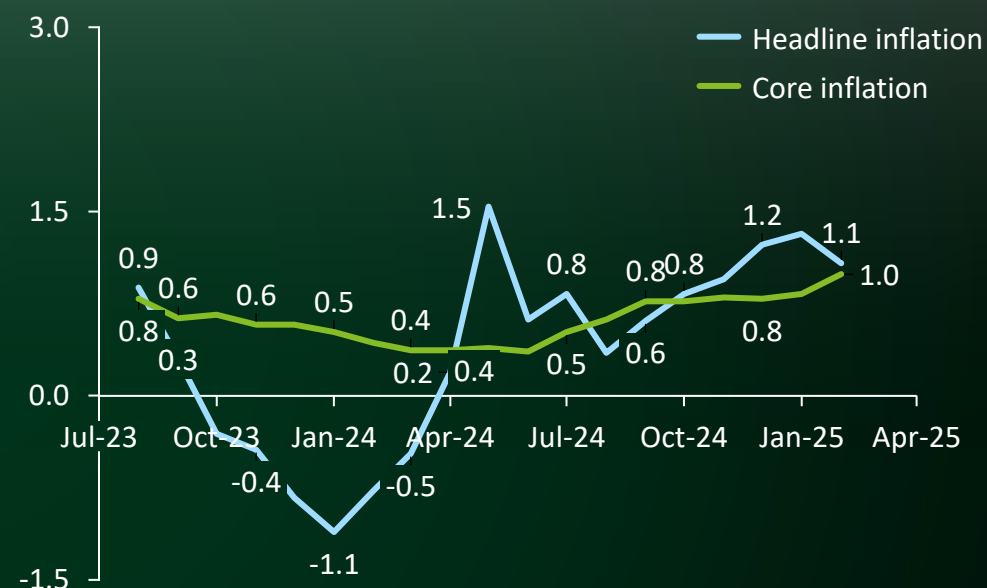
Inflation rate for March 2025 is anticipated to remain at a level comparable to February 2025.



## Core and Headline Inflation – Annually (%)



## Core and Headline Inflation – Monthly (%)



### Inflation in Feb 25 = 1.08%

Increased in Feb 25 inflation contributed by

- Increase rising prices of food and non-alcoholic beverages, particularly fresh fruits, cooking ingredients, and prepared foods.
- Increases in diesel fuel prices, electricity costs, and airline fares.



### Watchlist

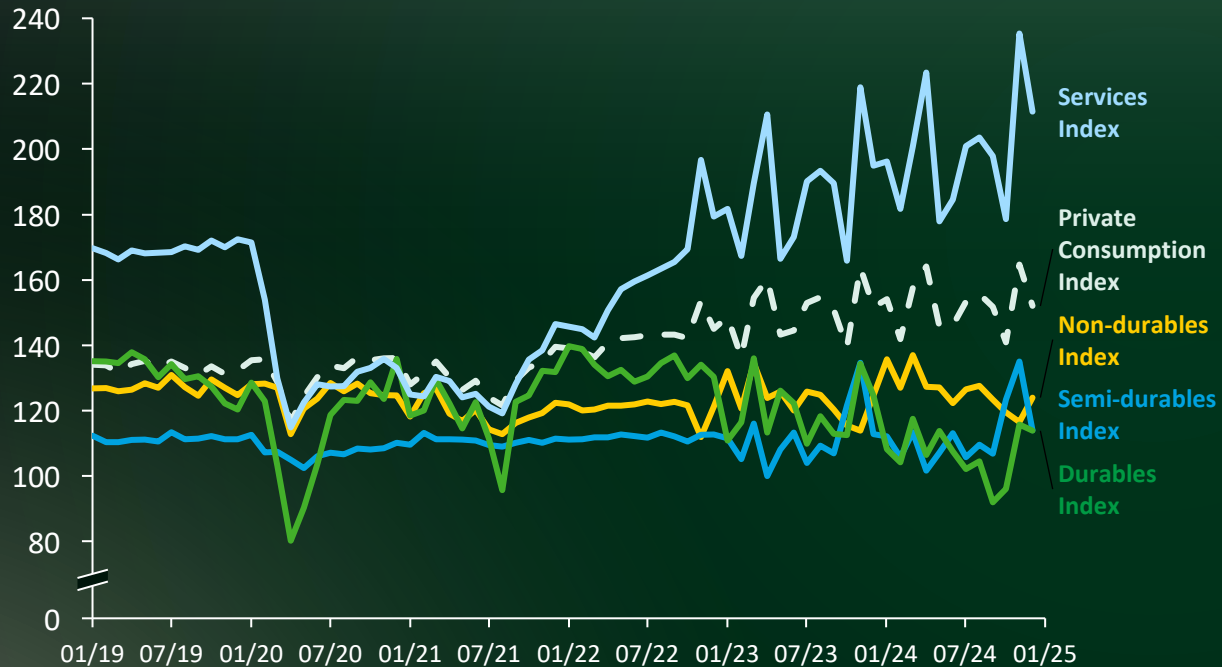
- The domestic diesel price is capped at higher price, 33 baht per liter.
- The ongoing recovery of the tourism sector.
- The prices of certain agricultural raw materials, especially horticultural products such as coffee, palm oil, and coconuts.
- Government stimulus



The downward adjustment of the Consumer Confidence Index is attributed to concerns over high household debt, global economic slowdown, persistent geopolitical issues, and potential impacts from policies or tariff from the US. However, the government stimulus measures such as Easy E-Receipt, increase in tourism activities, and growth in Thailand's export sector might help further contribute to more improved confidence.



### Private Consumption Index (Seasonally Adjusted)



Source: Deloitte Analysis, Bank of Thailand, TPSO

### Consumer Confidence Index (CCI)



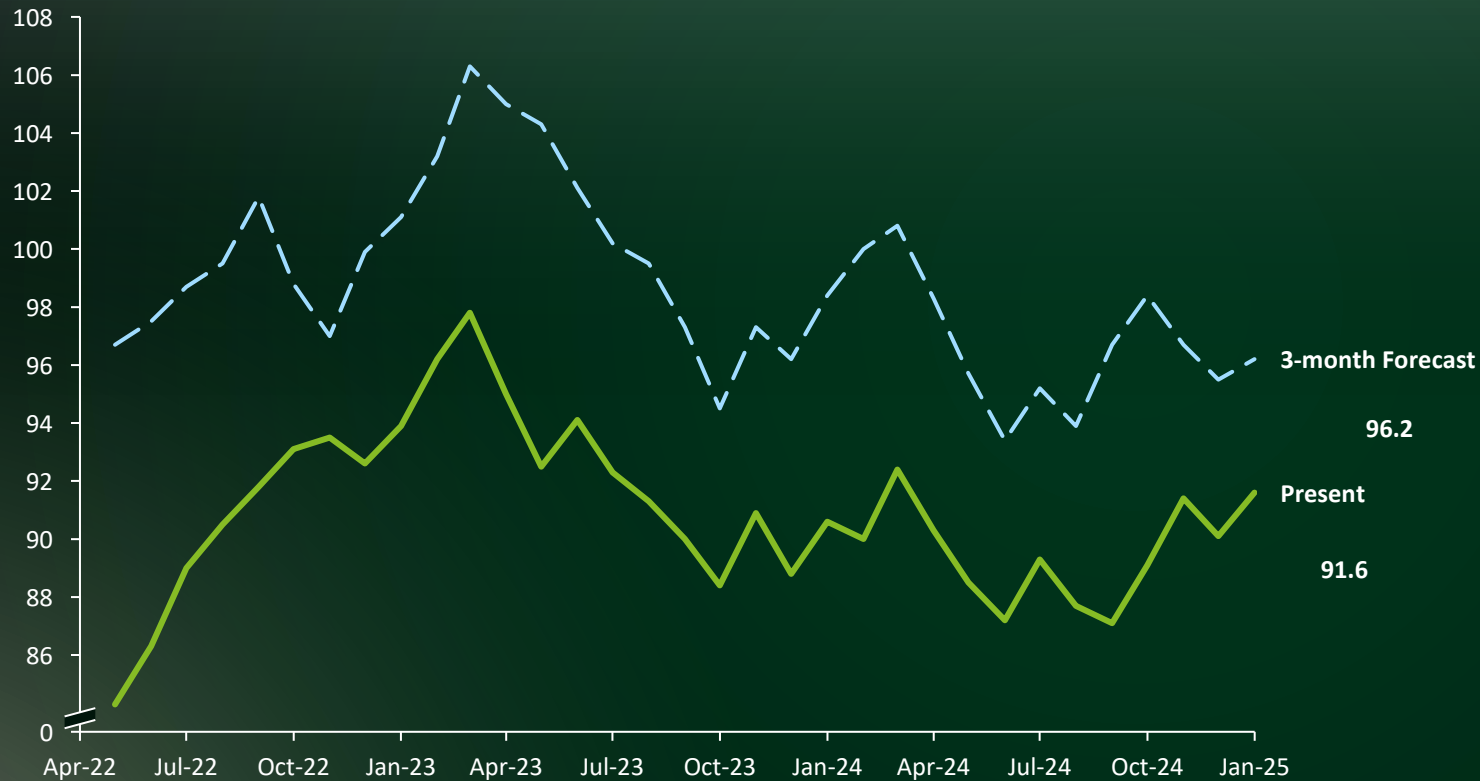




## Thai Industries Sentiment Index (TISI) for January 2025 hit 10-month high.



### Thai Industries Sentiment Index



### Positive Factors

- Growth in export driven by increased demand from trading partner countries.
- Economic stimulus measures
- Consumers and foreign tourists spending increased during the New Year and Chinese New Year season.
- Elderly economic stimulus program i.e. 10,000 THB phase 2
- The government cut power bills

### Negative Factors

- The uncertainty of the US trade policies, along with stricter regulations and trade barriers
- The PM2.5 air pollution situation
- Rising production costs
- The high household dept level, impacting the overall economy
- Slow recovery in car sales

### 3-month Forecast Watchlist

- Debt resolution measures under “Khun Soo, Rao Chuay” program (+)
- Increased exports of Thai products in certain industries (+)
- Tourism sector as a key driver of economy (+)
- The US implemented additional tariff on imports from China (-)
- Increasing use of retaliatory tariff measures could create pressure and negatively impact the global trade environment (-)

# Thai Industries Sentiment Index by Performance

In January 2025, TISI exhibited development compared to the previous month, particularly in the electricity and air conditioning, pharmaceutical, medical equipment manufacturer, and food & beverage. Conversely, petrochemical, gas, dairy supplement, automotive parts, metal, and glass experienced declines.



100

## Declined TISI

### Tightrope

- Paper
- Packaging
- Petroleum refinery
- Cosmetics
- Electricity
- Renewable energy
- Automotive



Declined TISI  
but above 100

## Increased TISI

### Rising Star

- Air conditioner
- Digital
- Pharmaceutical
- Medical equipment manufacturer
- Aircraft, Intelligent Aviation, and Space
- Metal casting
- Food & Beverage



Increased TISI  
and above 100

### Red Flag

- Petrochemical
- Plastic
- Gas
- Herb
- Dairy supplement
- Textile
- LPG Exploration and Production
- Leather
- Automotive parts
- Metal
- Glass
- Ceramic
- Aluminum



Declined TISI  
and below 100

### Mastering

- Electronics
- Chemical
- Apparel
- Shoes
- Jewelry
- Crafts
- Rubber
- Furniture
- Sawmill
- Cement
- Machine
- Palm Oil
- Granite and marble
- Sugar
- Biotechnology
- Agricultural machine
- Wood and plywood
- Boat maintenance
- Roof and equipment
- Environmental management



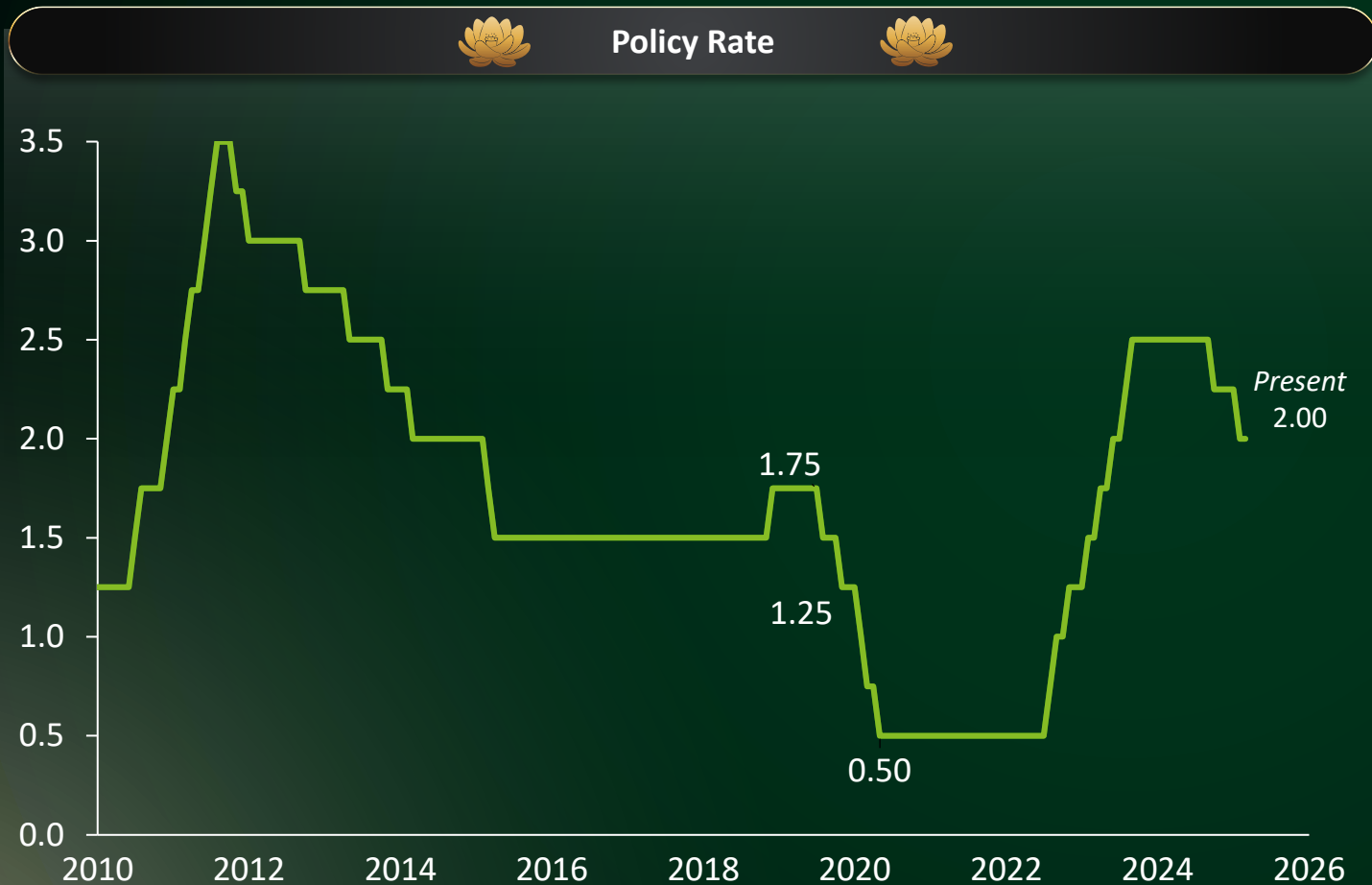
Increased TISI  
but below 100

Note: As of January 2025  
Source: Deloitte Analysis, FTI



## Policy Rate

The Monetary Policy Committee (MPC) voted 6 to 1 to cut the policy rate by 0.25% from 2.25% to 2.00% with one member voted to maintain the policy rate.



### MPC's Perspective



- The Thai economy is expected to experience **slower growth than initially forecast**, due to structural challenges in manufacturing and increased competition from imports, despite support from domestic demand and tourism.
- **Financial conditions remain tight**, with stabilizing loan growth and credit quality. However, SME loans contracted, and retail loan growth slowed. The Committee believes the reduced policy rate will ease conditions without impacting long-term financial stability.

Source: Deloitte Analysis, Bank of Thailand's Monetary Policy Committee's Decision 1/2025





# Exchange Rate

The Baht strengthened from 36.7/USD in 2Q2024 to 34.0/USD in Q4, as current account surplus from trade balance, before weakening in Jan 2025 as net outflows from capital market, but the baht remains stronger compared to many regions.



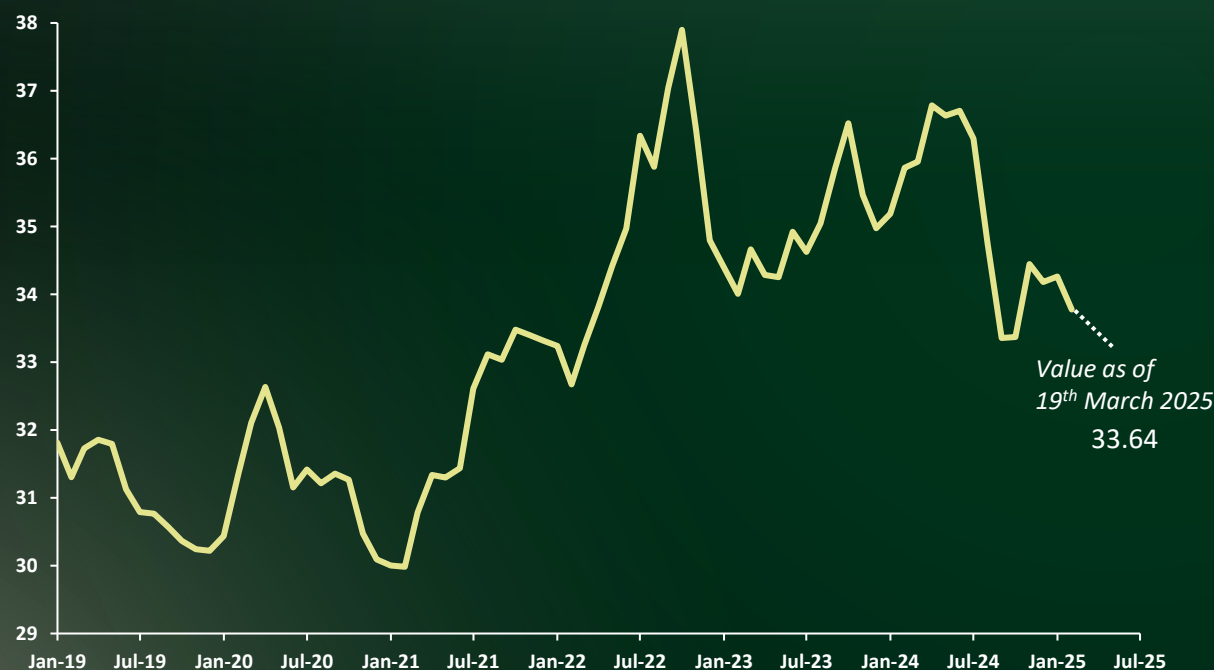
## Exchange Rate (Unit: THB/USD)



2023 34.81 /USD

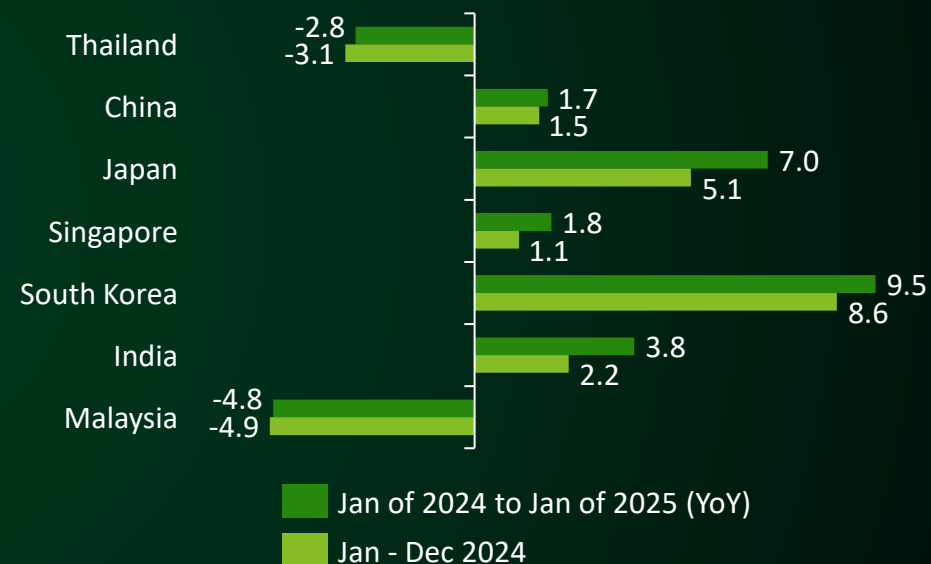
2024 35.29 /USD

2025F 35.15 /USD



Source: Deloitte Analysis, Bank of Thailand, Federal Reserve, Fiscal Policy Office

## The Change of Currencies against USD (%)



### Factors influencing Thai baht

#### Appreciation

- Expected recovery from tourism
- If the USD weakens as reflected by US economic data

#### Depreciation

- Weak economy
- If facing increased trade tariff

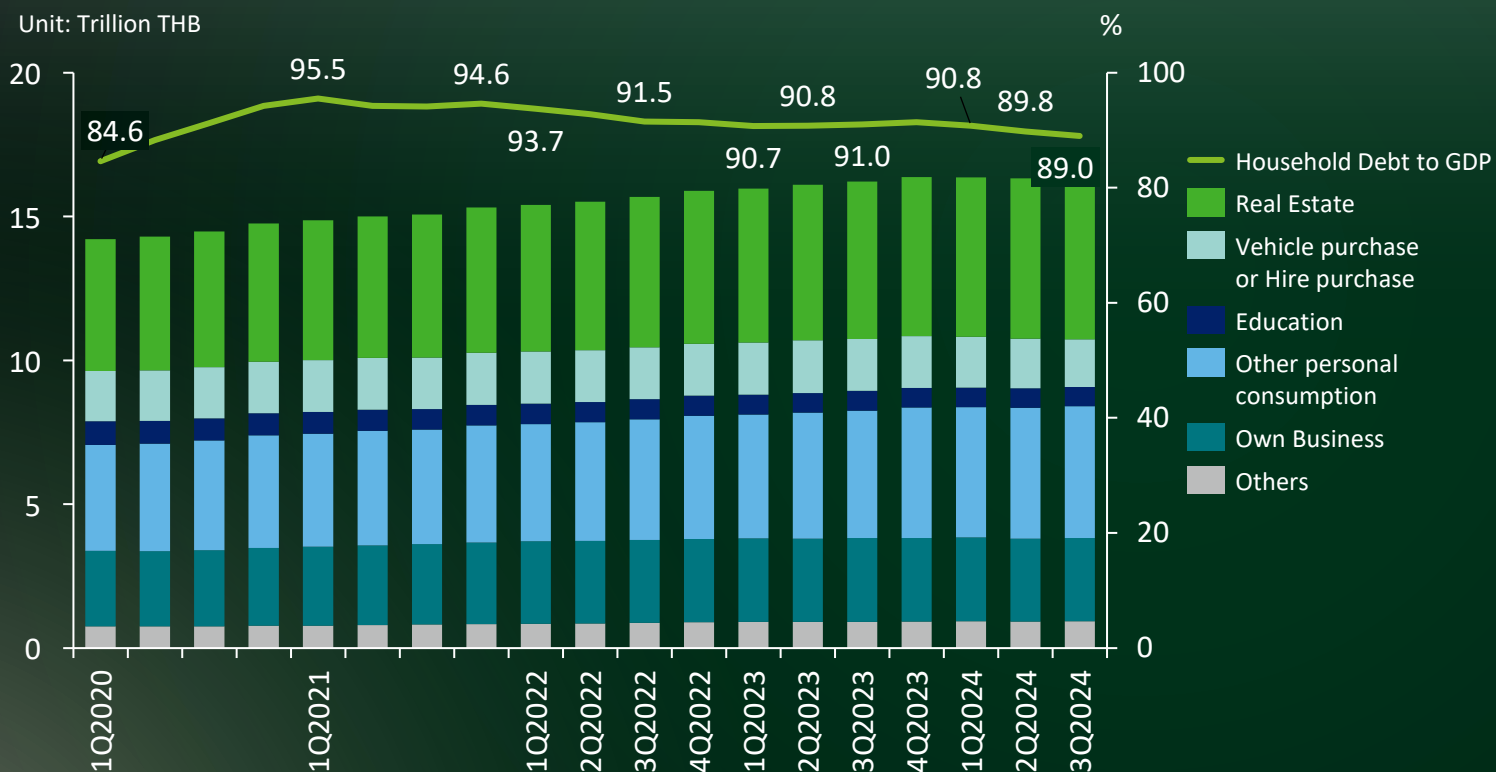


# Household debt in 3Q2024 has decreased from previous quarter to 89%.

Real estate loans remain the largest component of 3Q2024 household debt, accounting for approximately 34%. However, non-productive loans, such as other personal consumption, also contributed significantly, representing around 28% of total household debt. Furthermore, non-performing loans (NPLs) surged to 1.2 trillion THB in September 2024, with significant year-over-year increases in housing loan NPLs (28%) and automotive loan NPLs (23%).

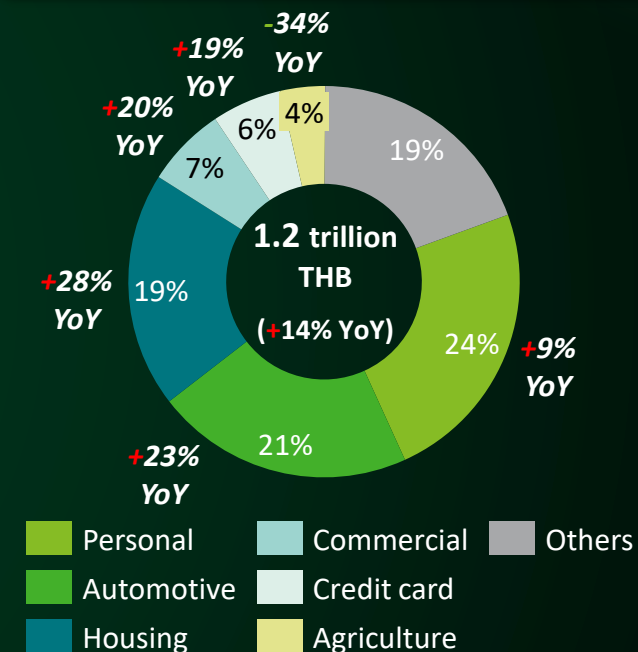


## Household Debt (adjusted rate)



Source: Deloitte Analysis, Bank of Thailand, National Credit Bureau, Krungthai Compass and Faculty of Economics - Chulalongkorn University

## NPL as of September 2024



## Individuals with debt within their repayment capacity

25%

can repay and do not have debt exceeding their capacity.

17%

cannot repay and are classified as non-performing loans (NPLs).

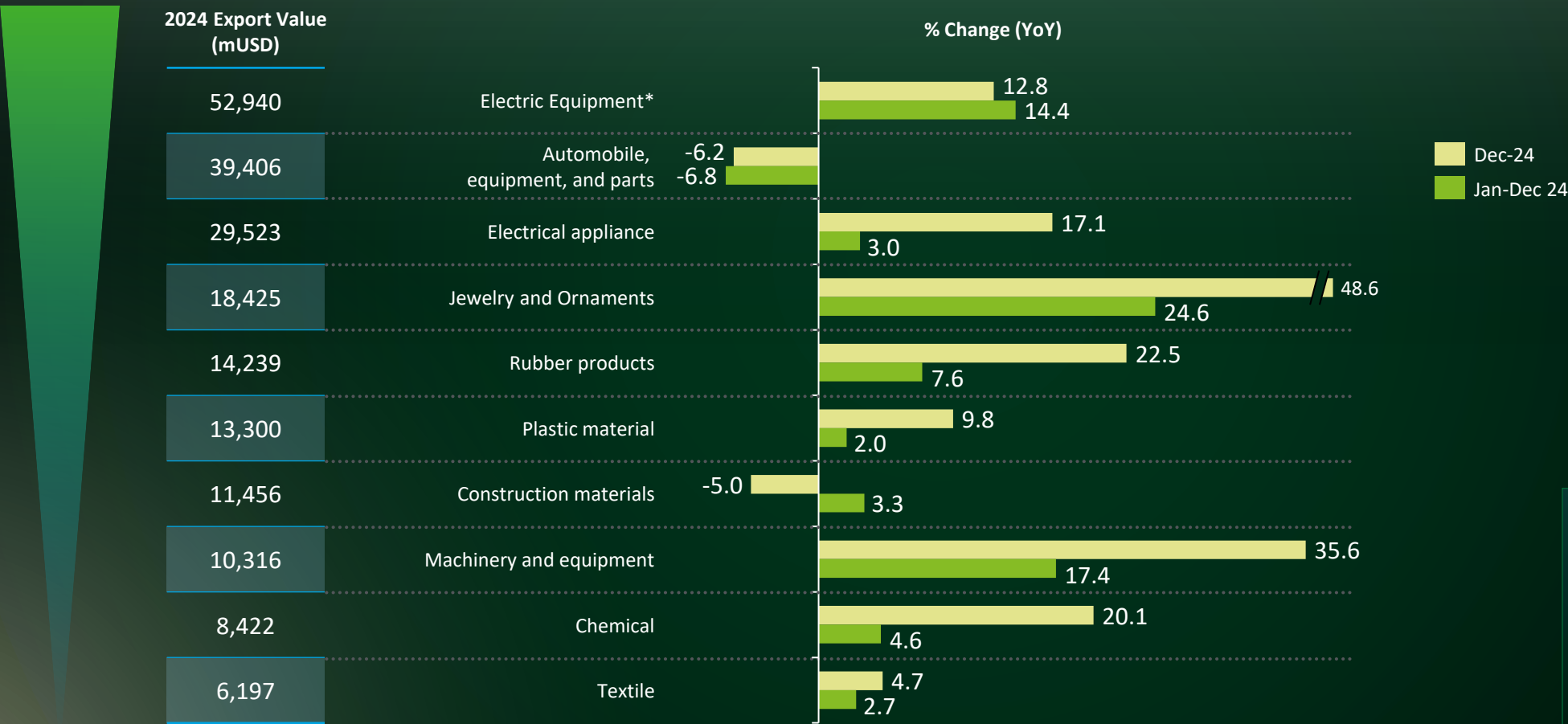


# 10 Key Industrial Exports for 2024

Industrial export grew by 5.9% in 2024. Key drivers included the export of Jewelry, machinery and equipment, and electric equipment.



Thailand's overall export in 2024 rose by 5.4% YoY, while exports of real sector (excluding gold, oil-related products, and weaponry) increased by 10.4%.



Notes

*\*Electric equipment comprises circuit board, computer and equipment & parts, Transistor, and other electronics.*

*Source: Deloitte Analysis, TPSO*



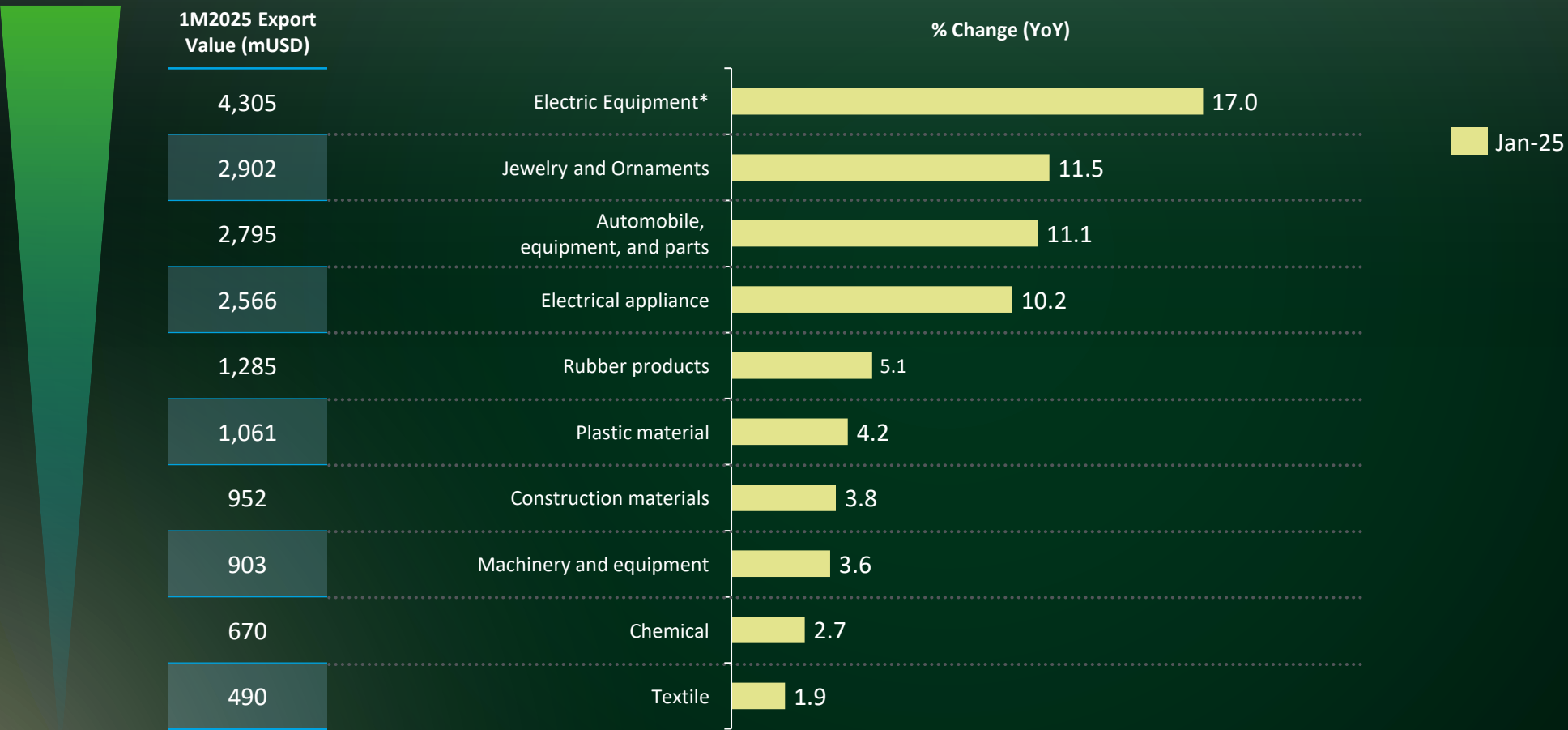


# 10 Key Industrial Exports for Jan 2025

Industrial export grew by 17% in Jan 2025. Key drivers included the export of technology products, specifically computers, equipment, and parts, which expanded in Chinese, German, Dutch, and Japanese markets.



Thailand's overall export in January 2025 rose by 13.6% YoY, while exports of real sector (excluding gold, oil-related products, and weaponry) increased by 11.4%.



## Notes

*\*Electric equipment comprises circuit board, computer and equipment & parts, Transistor, and other electronics.*

*Source: Deloitte Analysis, TPSO*



# 2024 Thailand's Export Destinations

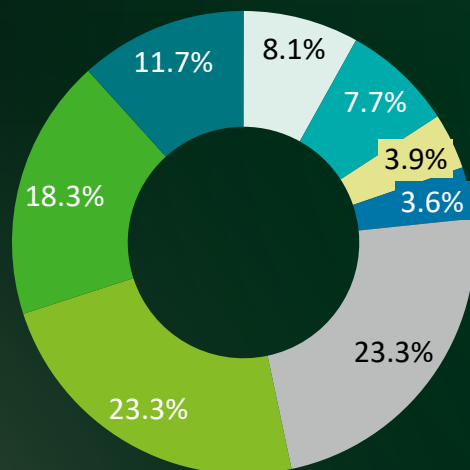
Exports to most major markets have expanded significantly, following the overall improvement in our trading partners' economies. Export to key markets such as the India, United States, and the European Union have experienced growth, while exports to ASEAN and China have shown slight increases. Conversely, exports to Japan and Hong Kong have declined.



Percentage Contribution



2024



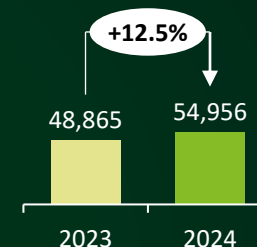
Total Export Value  
300,530 mUSD

2024 Percentage Change (YoY)

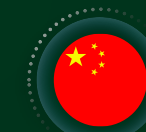
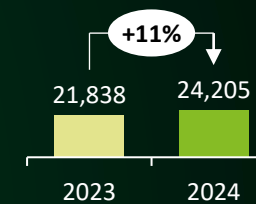
Unit: mUSD



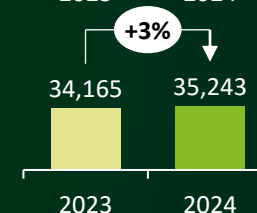
US



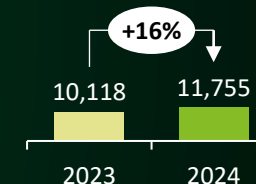
EU



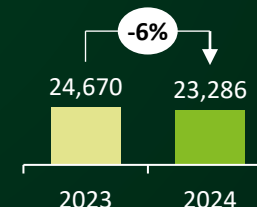
China



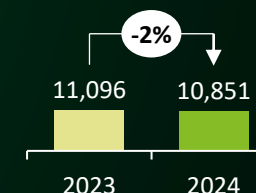
India



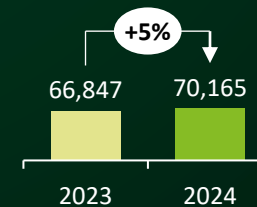
Japan



Hong Kong



ASEAN



2024 Total Export Value  
**+5.4%** (YoY)



# Thailand's High Trade Surplus to US: Potential to higher US import Tariff

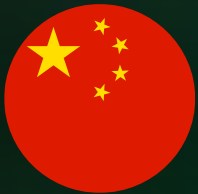
In 2024, Thailand ranks 11th as a country with the largest trade surplus with the US at US\$45.6 billion, more than double that in 2018 when the US-China trade war began.



## US Trade deficit in 2024

Unit: million USD

#1 China



295,402

#2 Mexico



171,809

#3 Vietnam



123,463

#4 Ireland



86,748

#5 Germany



84,824

#11 Thailand

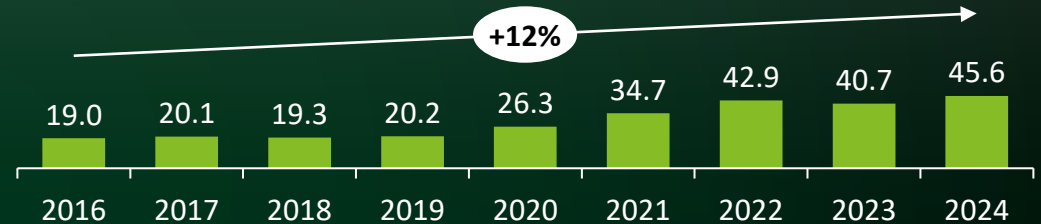


45,609

## Thailand has consistently maintained a trade surplus with the US.

### Thailand's Trade surplus with the US

Unit: billion USD



## Thai products at risk of US tariffs

### Top US trade deficit with Thailand by Product

Unit: billion USD

- Telephone sets
- Computers and units thereof
- New pneumatic tyres, of rubber
- Diodes, transistors and similar semiconductor devices
- Electrical transformers, static converters and inductors
- Jewelry
- Air conditioning machines





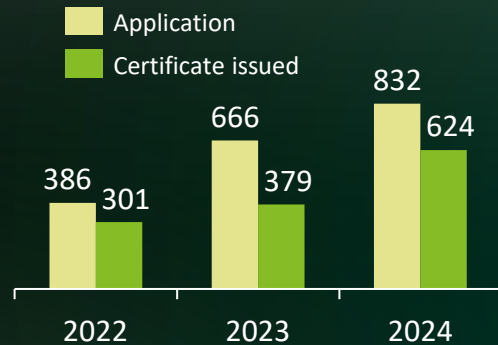
**2024 Investment Applications** soared 10-Year high at 1.14 trillion THB (35% YoY) for 3,137 applications.  
Top 3 by sector: digital, electrical appliances & electronics, and electricity generation from renewable energy or waste

In 2024, **Foreign Direct Investment (FDI)** applications reached 2,050, representing a 51% increase from the previous year, and an increase of 25% in combined investment value to 832.11 billion THB, with the highest magnitude from electrical appliance & electronics.



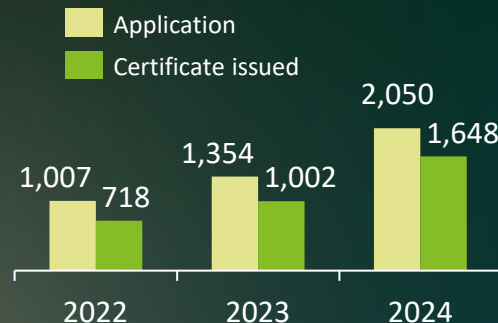
**2022-2024 BOI FDI application and promotion certificate issued – by Value**

Unit: Billion THB



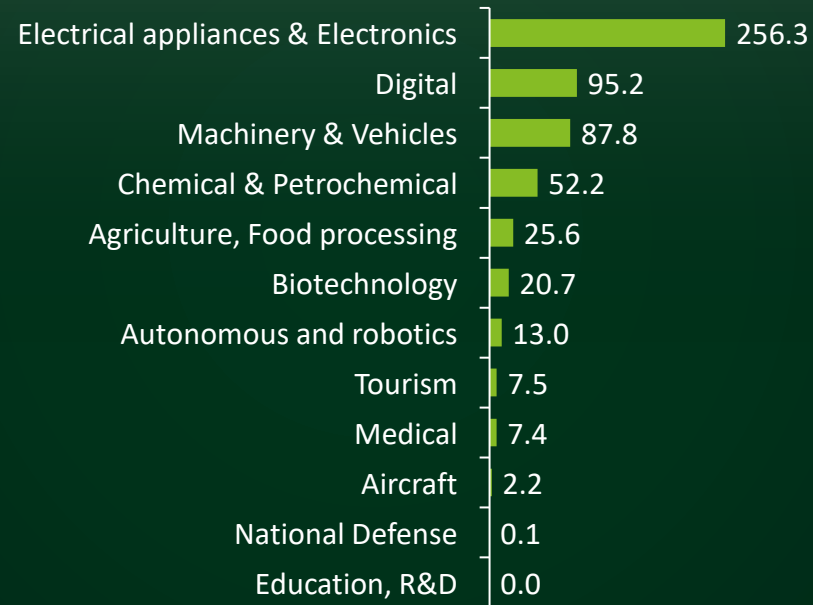
**2022-2024 BOI FDI application and promotion certificate issued – by Volume**

Unit: number of projects



**2024 BOI FDI Promotion Certificate Issued by Target Sector**

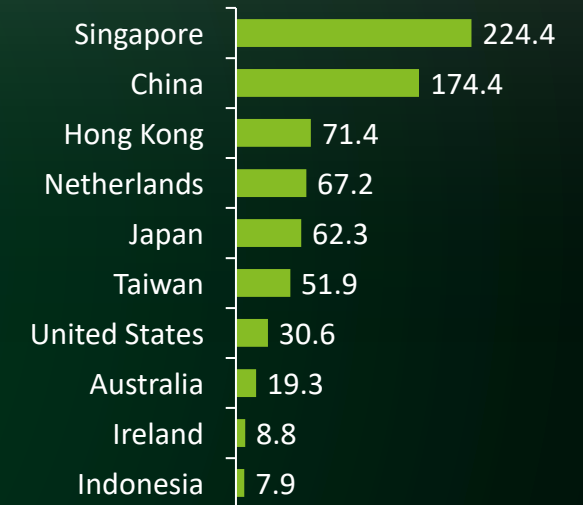
Unit: Billion THB



Source: Deloitte Analysis, BOI

**2024 Top 10 BOI source of FDI Promotion Certificate Issued by region**

Unit: Billion THB



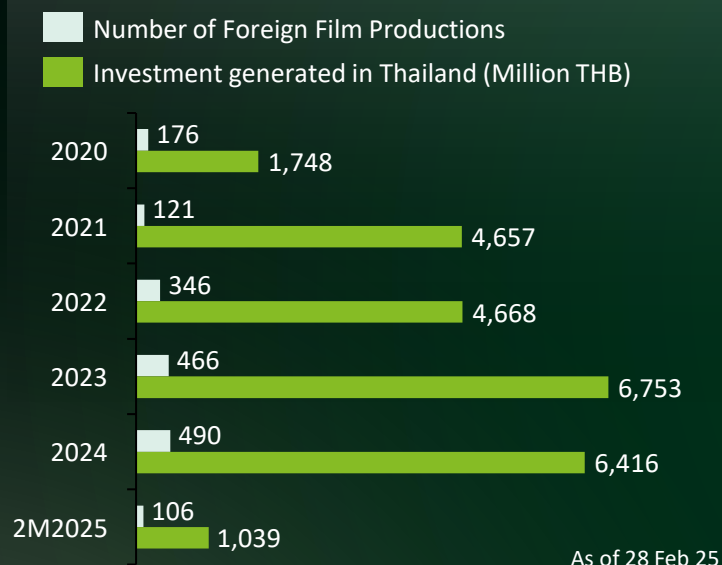


# Thailand's Music and Film Industries Shine on the Global Stage

The Thai film industry expanded its global presence, with notable productions such as The White Lotus Season 3, Jurassic World, Rockstar MV, and Wusha 3, whereas music festivals in Thailand are also growing.



## Foreign Film Productions in Thailand



## Top 5 Countries of Foreign Film Productions in Thailand in 2024

Unit: Number of Films



Japan: 66



India: 57



South Korea: 44

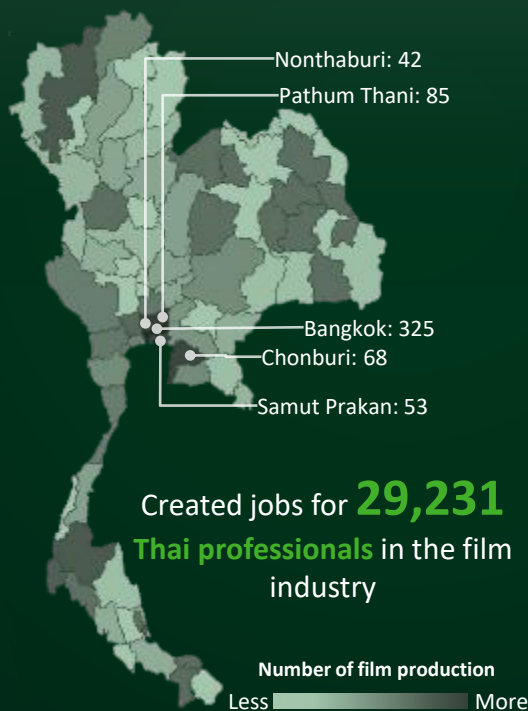


USA: 40

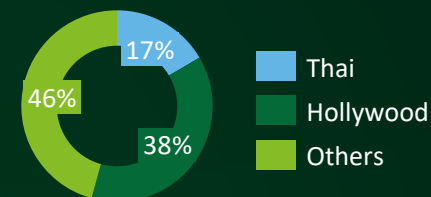


China: 37

## Top 5 Popular Thai Provinces for Foreign Film Productions in 2024

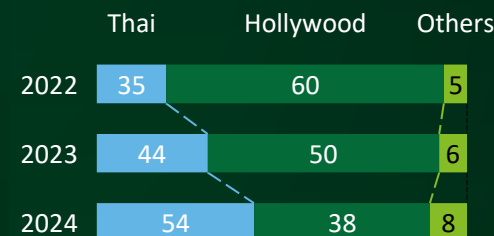


## 2024 Film Showing in TH (% of number)



Total 326 movies

## TH Film Market Revenue Share (%)



Although fewer Thai films were shown in theaters, they now held the largest market share in 2024.

This shift in customer preferences, driven by their quality and creativity, is prompting plans to increase investment in Thai film industry.



## Music Industry in Thailand



**Driving Thailand's soft power by Music Exchange** project by Creative Economy Agency, a driver to push Thai music festival organizers, artist selectors, and world-class agencies.

Currently, Thailand hosts no less than...



**300** Music festivals annually

## BOI incentives for foreign film

**Exempt** 5-Year Corporate Income Tax

**Exempt** Import Duty for Film Production Equipment and Machinery

**Permit** Foreign skilled workers or experts to work in the film projects.



## Contributors



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