

# MNI Bank of Thailand Preview – December 2025

**Meeting Date:** Wednesday, 17 December 2025

**Announcement Time:** 07:00 GMT/14:00 ICT

**Link To Statement:** <https://www.bot.or.th/en/our-roles/monetary-policy/mpc-meeting.html>

## Contents

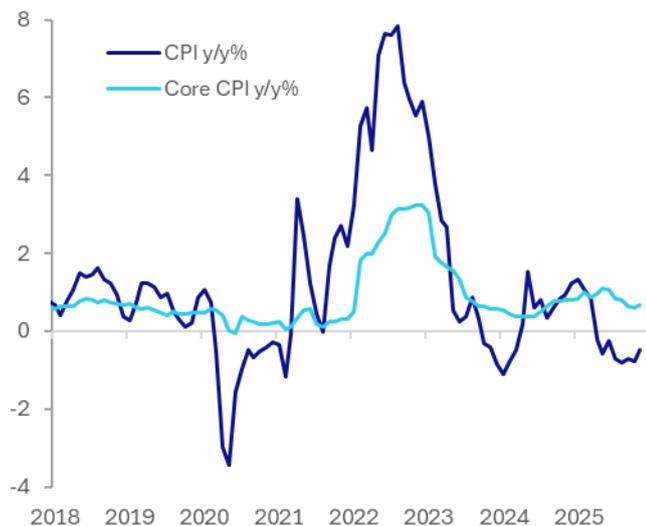
- **Page 3:** BoT October 2025 Meeting Statement
- **Page 4-5:** Sell-Side Analyst Views

## MNI POV (Point Of View): Macro Conditions Warrant Easing

For the Bank of Thailand (BoT) the consensus survey, via Bloomberg, has a clear majority of economists forecasting a 25bps cut by BoT on Wednesday. This is also our bias ahead of the decision. If realized this would take the policy rate to 1.25%, which would be fresh lows back to 2023. This would also bring cumulative easing to 100bps in 2025.

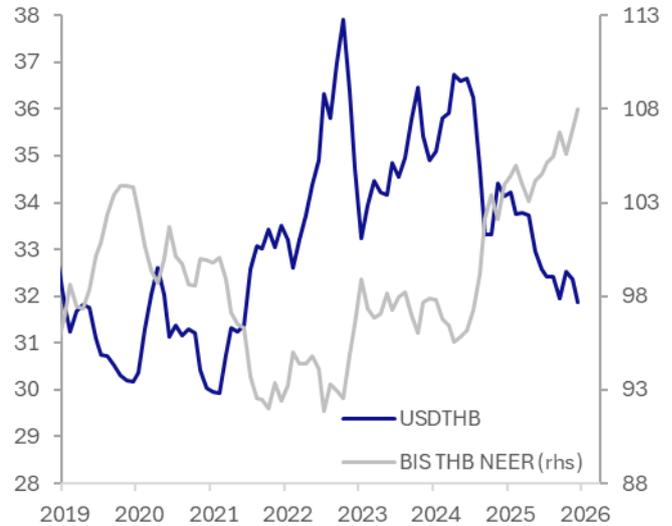
At face value, there seems little risk in an easing at this stage, with headline inflation still negative (last -0.50%/y) and only modestly up from recent lows. Core CPI remains positive in y/y, but at 0.66% is not threatening in terms of a break higher in inflationary pressures. See the chart below on the left-hand side for the broader inflation trends. Both inflation measures remain below the bottom end of the BoT’s 1-3% target range.

**Figure 1: Inflation remains below 1%**



Source: MNI – Market News/Refinitiv

**Figure 2: Baht strengthened further in December**



Source: MNI – Market News/Refinitiv

On the growth front, Q3 GDP was below market forecasts, with growth falling 0.6%q/q and printing just 1.2% in y/y terms. This is the weakest y/y print since late 2021. Consumer sentiment has edged higher, but remains well off recent cycle highs. Business sentiment looks to be on a firmer footing, although industrial production growth is largely trending sideways. Export growth has come off its 2025 highs and is back below a double digit pace

(although market expectations are for a recovery in Nov). USD/THB has fallen to multi year lows, while the NEER continues to trend higher. Baht strength looks to be a function of a healthy current account surplus, along with positive seasonality as we are in a strong tourism arrival period. Gold prices are also very strong, although the authorities are trying to break the link between THB and gold prices.

A rate cut may not do much to unsettle the firmer baht trend in the near term, but should aid financial conditions more broadly. The BoT is mindful of policy room as rates approach the 1% level, so may continue to highlight this. However, we don't see this as a constraint on easing at this meeting. At the last policy meeting we also had some board members dissenting and pushing for a rate cut. We suspect the majority of the board will be in favour of a rate cut at this meeting.

## Bank of Thailand October 2025 Meeting Statement

**The Committee voted 5 to 2 to maintain the policy rate at 1.50 percent. Two members voted to cut the policy rate by 0.25 percentage point from 1.50 to 1.25 percent.**

The Thai economy is projected to expand in 2025 and 2026 close to previous assessment. Merchandise exports have begun to experience impacts of U.S. trade policies. Meanwhile, tourism and domestic demand have slowed down but are projected to gradually recover going forward. Headline inflation is projected to be lower than previous assessment primarily due to energy and raw food prices. However, there is no sign of a broad-based decline in prices. Overall credit continues to contract, and credit quality of vulnerable groups has deteriorated.

The Committee assesses that monetary policy should be accommodative to support economic recovery. The transmission of previous policy rate cuts to the economy is ongoing. Most committee members give importance to the timing and effectiveness of monetary policy given the limited policy space, and therefore vote to maintain the policy rate at this meeting. Two committee members deem that monetary policy should be further accommodative to ensure that financial conditions remain conducive to economic recovery and to help support liquidity as well as alleviate debt burden of SMEs and vulnerable households.

The Thai economy is projected to expand by 2.2 and 1.6 percent in 2025 and 2026, respectively. In the first half of 2025, the economy expanded in line with previous assessment, driven partly by the front-loading of manufacturing production and exports to the U.S. However, the economy in the second half of 2025 throughout 2026 is expected to slow down due to the impacts of U.S. trade policies. Tourism is anticipated to gradually recover, while private consumption is expected to grow moderately with further support from government stimulus measures. Meanwhile, exports of electronic goods are expected to expand continuously. It is necessary to closely monitor the impacts of U.S. tariff measures, the continuity of government budget disbursement, and SME adjustments in response to intensified competition, limited access to credit, as well as elevated financing costs.

Headline inflation is projected to decline to 0.0 and 0.5 percent in 2025 and 2026, respectively, and is expected to gradually return to the target range by early 2027. The lower inflation is primarily driven by supply-side factors, including declines in global crude prices, government measures to reduce domestic retail oil prices, and lower raw food prices following favorable weather conditions boosting supply. However, deflationary risks remain low as the majority of goods and services prices continue to increase or remain unchanged. Meanwhile, core inflation is expected to remain at 0.9 percent in both 2025 and 2026, with medium-term inflation expectations of the private sector are well-anchored within the target range. The Committee will closely monitor developments in goods and services prices to assess deflationary risks going forward.

Interest rates in banking system and financial markets have declined in line with previous policy rate cuts. However, overall credit growth remains contracted due to weakened demand from large corporates amid heightened economic uncertainty, debt repayments, and cautious lending to high credit risk borrowers, especially SMEs and low-income households. The baht against the U.S. dollar appreciated in certain periods affecting some exporters. The Committee deems it necessary to monitor credit growth and movements of the baht, which could have implications for economic activities, and also supports further targeted financial measures to assist vulnerable groups.

The prevailing monetary policy framework seeks to maintain price stability, support sustainable growth, and preserve financial stability. The Committee views that monetary policy should be accommodative to support the economy and will closely monitor macro-financial developments and risks. The Committee stands ready to adjust the monetary policy stance in response to evolving economic and inflation outlook.

Click here for [October meeting minutes](#)

## Sell-Side Analyst Views

**ANZ (-25bp):** “We expect the BoT to resume its monetary policy easing and reduce the policy rate by 25bp to 1.25% at its forthcoming meeting (Wednesday 17 December at 15:00 SGT). While the BoT kept its policy rate unchanged at its last meeting in October, two out of seven policymakers had dissented in favour of a cut. Recent economic data will keep the BoT under pressure to support the economy, in our view. The economy contracted 0.6% q/q SA in Q3, while October data showed only modest improvement. Private consumption strengthened, helped by state stimulus measures, while private investment contracted further. Meanwhile, headline inflation has remained negative since April 2025.”

**BNY MELLON (Unch):** “Slowing growth, low inflation, currency strength and a split vote in October suggest room for future monetary easing. However, we expect the BoT to keep its policy rate at 1.50%, with cuts possible in 2026. Governor Vitai Ratanakorn has signaled caution, citing limited policy space and doubts about stimulus effectiveness. We will monitor upcoming macroeconomic forecasts. As of October 2025: GDP growth is projected at 1.6%, headline CPI at 0.5%, core CPI at 0.9%, a \$13 billion current account surplus and 35 million tourists.”

**Goldman Sachs (-25bp):** “We expect the Bank of Thailand (BoT) to cut the policy rate by 25bp to 1.25% at the December meeting (Bloomberg consensus: 1.25%). The slowdown in real GDP growth during Q3 was driven by weak private demand, although this partly reflects temporary factory shutdowns. Recent flooding in late November is likely to further disrupt the agriculture, manufacturing, and trade sectors. While the BoT estimates the direct impact to be modest, at around 0.1pp to 0.2pp of GDP growth, we believe downside risks remain if the recovery is slower than expected. Additionally, the ongoing border conflict with Cambodia could further weigh on tourism activities during the peak season in December. Taken together, we maintain our view that the BoT will cut the policy rate by 25bp to 1.25% in December, followed by another 25bp reduction in Q1 2026.”

**UOB (-25bp):** “Our economist, Sathit Talaengsatya, expects the BOT to cut the policy rate by 25-bps to 1.25% for the Dec meeting, as latest readings on the GDP deflator, which captures broad-based price movements across the economy, suggest deflation risks to be increasingly materializing through debt-deflation dynamics. Combined with the weaker-than-expected growth outturn, this reinforces our conviction that the MPC will deliver an additional 25-bps policy rate cut this Dec.”

---

Unauthorized disclosure, publication, redistribution or further dissemination of this information may result in criminal prosecution or other severe penalties. Any such authorization requires the prior written consent of Market News International. Redistribution of this information, even at the instruction of your employer, may result in personal liability or criminal action unless such redistribution is expressly authorized in writing by Market News International. Violators will be prosecuted. This information has been obtained or derived from sources believed to be reliable, but we make no representation or warranty as to its accuracy or completeness. This is not an offer or solicitation of an offer to buy/sell. Copyright © 2024 Market News International, Inc. All rights reserved.