

## Thailand

1 September 2025

### Thai PM removed amid economic uncertainties

- The constitutional court voted to remove Paetongtarn Shinawatra from the post of prime minister. This has led to another bout of political uncertainty, which could be shortened if another Prime Minister (PM) is appointed or prolonged if that does not materialise.
- The growth outlook, which is already softening, will be further accosted by domestic political uncertainties. We maintain our 2025 GDP growth forecast of 1.8%.
- We expect another 25bp cut from the Bank of Thailand (BoT) for the rest of the year, but the risk is for deeper cuts if growth disappoints.

The constitutional court voted 6-3 to remove Paetongtarn Shinawatra from the post of prime minister<sup>1</sup>. This decision was taken, following her suspension on 1 July over the leaked audio recording of a conversation between former Cambodian premier Hun Sen and herself. Thailand is no stranger to political uncertainty and has witnessed numerous occasions in recent history which has led to the PM being removed.

**Lavanya Venkateswaran**  
Senior ASEAN Economist

[lavanyavenkateswaran@ocbc.com](mailto:lavanyavenkateswaran@ocbc.com)

**Jonathan Ng**

ASEAN Economist

[JonathanNg4@ocbc.com](mailto:JonathanNg4@ocbc.com)

Selected Constitutional Rulings	
7-May-14	The Constitutional Court dismissed PM Yingluck Shinawatra. Niwatthamrong Boonsongpaisan appointed as Acting PM.
20-Nov-19	The Constitutional Court dismissed Future Forward Party leader Thanathorn Juangroongruangkit as MP. The Future Forward Party was subsequently dissolved on 21 February 2020.
30-Sep-22	The Constitutional Court ruled that PM Prayuth Chan-o-cha term has not exceeded the maximum 8-year limit. This paved the way for his return to the Prime Minister office after a five-week suspension.
7-Aug-24	The Constitutional Court banned Pita Limjaroenrat from politics for 10 years. Several executives in his party were also banned from politics. The court also passed a ruling to dissolve the Move Forward Party.
14-Aug-24	The Constitutional Court dismissed PM Srettha Thavisin. Phumtham Wechayachai appointed as Acting PM.
22-Aug-25	The Constitutional Court dismissed the lese-majesty case file against ex-PM Thaksin Shinawatra, highlighting insufficient evidence to prove his wrongdoing.
30-Sep-25	The Constitutional Court dismissed PM Paetongtarn Shinawatra. Phumtham Wechayachai appointed as Acting PM.

Source: Various news agencies, OCBC.

<sup>1</sup> Constitutional Court rules 6-3: Paetongtarn removed from office, Cabinet dismissed. The Nation, 29 August 2025.

In a special cabinet meeting on 30 August, Deputy PM Phumtham Wechayachai was appointed as the acting PM, with full authority to carry out the duties of the premiership. The House of Representatives will convene from 3-5 September to vote for a new PM. There are currently 492 members in the House, and a PM candidate will need 247 votes to be elected. If no candidate succeeds, the process will be repeated until a PM is chosen; there is no set time limit for this<sup>2</sup>.

The current law states that a PM must be selected from the list of candidates put forth following the most recent election. The potential choices are Chaikasem Nitisiri (Pheu Thai party), Anutin Charnvirakul (Bhumjaithai Party), General Prayuth Chan-o-Cha (United Thai Nation Party), Pirapan Salirathavibhaga (United Thai Nation Party), Jurin Laksanawisit (Democrat Party)<sup>3</sup>. Anutin Charnvirakul recently said he can garner the enough members to support his candidacy<sup>4</sup>.

The immediate aftermath of these court decisions is usually heightened uncertainty regarding policy continuity. The nature, composition and PM have come into question. We see two likely scenarios for the coming months. First, Parliament is able to appoint a substitute from the eligible list of candidates. This will likely allow for political continuity to be maintained, albeit with changes to economic policies depending on the policy inclinations of the selected PM. The risk of another bout of political uncertainty, however, remains as the coalition will likely be fragile. Given that the House passed the third and final reading of the bill on 15 August, the risks for Budget 2026 maybe more contained. The bill is now with the Senate.

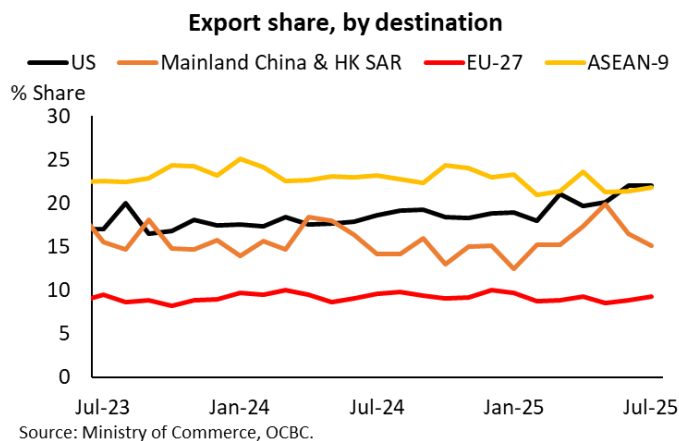
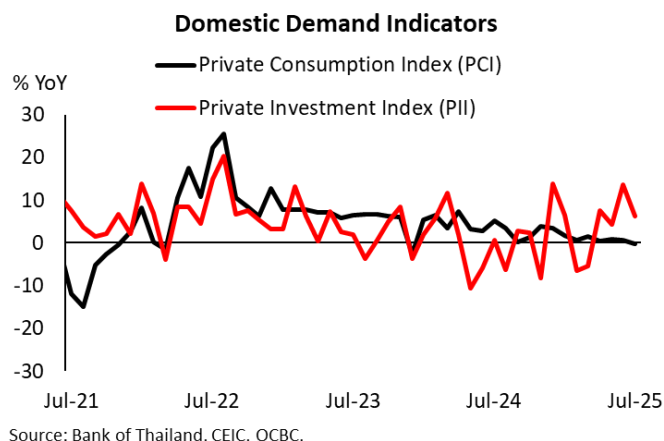
Second, if a PM candidate cannot be agreed upon, a vote of confidence is called to dissolve parliament, possibly triggering a snap election. Recent electoral history has shown limited success in an emphatic people's vote in favour of one party or another, which risks another spilt coalition. This will lead to scenario of heightened political uncertainty, where key engines of growth including investment spending remain on the sidelines until the uncertainty dissipates.

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<sup>2</sup> Thailand's PM ousted: What's next for the country?. The Nation, 29 August 2025.

<sup>3</sup> Assessing the odds of 5 Prime Minister candidates If Paetongtarn falls. The Nation, 28 August 2025.

<sup>4</sup> Bhumjaithai 'ready to form interim government'. Bangkok Post, 29 August 2025.



Economic growth is already softening, with 2Q25 GDP growth slowing to 2.8% YoY from 3.2% in 1Q25. We expect GDP growth to slow sharply to 0.5% in 2H25 from 3.0% in 1H25, taking the full year average to 1.8%. The monthly activity data for July showed that 3Q25 started on weaker footing. On the domestic demand front, the private consumption index declined to -0.2% YoY versus +0.6% in June. This marks the first negative contraction since December 2023. Growth in the private investment index eased to 6.3% YoY versus 13.6% in June, while government spending accelerated to 15.5% YoY versus 7.2%. The momentum in government spending will likely be impacted by heightened political uncertainties. On the external front, the front loading of exports to the US kept July export growth supported at 9.7% YoY in July from 16.1% in June.

In terms of policy implications, we expect another 25bp rate cut from BoT for the rest of the year, bringing the policy rate to 1.25% by year-end. The risk is that GDP growth slows more sharply than is pencilled into official forecasts, leading to deeper rate cuts from BoT.

## Macro Research

**Selena Ling**  
Head of Research & Strategy  
[lingssselena@ocbc.com](mailto:lingssselena@ocbc.com)

**Tommy Xie Dongming**  
Head of Asia Macro Research  
[xied@ocbc.com](mailto:xied@ocbc.com)

**Keung Ching (Cindy)**  
Hong Kong & Macau Economist  
[cindyckeung@ocbc.com](mailto:cindyckeung@ocbc.com)

**Herbert Wong**  
Hong Kong & Taiwan Economist  
[herberthtwong@ocbc.com](mailto:herberthtwong@ocbc.com)

**Lavanya Venkateswaran**  
Senior ASEAN Economist  
[lavyanyavenkateswaran@ocbc.com](mailto:lavyanyavenkateswaran@ocbc.com)

**Ahmad A Enver**  
ASEAN Economist  
[ahmad.enver@ocbc.com](mailto:ahmad.enver@ocbc.com)

**Jonathan Ng**  
ASEAN Economist  
[jonathannq4@ocbc.com](mailto:jonathannq4@ocbc.com)

**Ong Shu Yi**  
ESG Analyst  
[shuyionq1@ocbc.com](mailto:shuyionq1@ocbc.com)

## FX/Rates Strategy

**Frances Cheung, CFA**  
Head of FX & Rates Strategy  
[francescheung@ocbc.com](mailto:francescheung@ocbc.com)

**Christopher Wong**  
FX Strategist  
[christopherwong@ocbc.com](mailto:christopherwong@ocbc.com)

## Credit Research

**Andrew Wong**  
Head of Credit Research  
[wongvkam@ocbc.com](mailto:wongvkam@ocbc.com)

**Ezien Hoo, CFA**  
Credit Research Analyst  
[ezienhoo@ocbc.com](mailto:ezienhoo@ocbc.com)

**Wong Hong Wei, CFA**  
Credit Research Analyst  
[wonghongwei@ocbc.com](mailto:wonghongwei@ocbc.com)

**Chin Meng Tee, CFA**  
Credit Research Analyst  
[mengteechin@ocbc.com](mailto:mengteechin@ocbc.com)

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