

Thailand

4Q GDP growth surprises to the upside = BoT on hold

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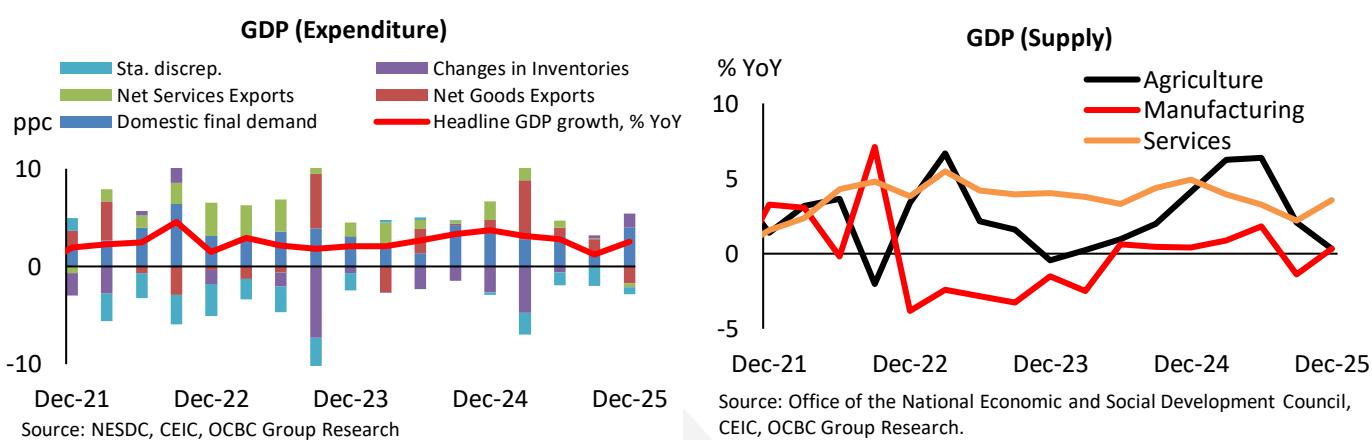
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- Real GDP growth improved to 2.5%YoY in 4Q25 from 1.2% in 3Q25, surprising expectations on the upside, taking the full year 2025 GDP growth to 2.4% from 2.9% in 2024.
- The National Economic and Social Development Council upgraded 2026 GDP growth to 1.5-2.5%, which is more in line with our 2026 GDP growth forecast of 2.0%.
- The upside surprise to 4Q25 GDP growth and favourable political outcomes from the recent elections reduces the need for monetary policy support. Our baseline remains for Bank of Thailand (BoT) to maintain on a prolonged pause at 1.25% in 2026.

The economy improved to 2.5%YoY in 4Q25 versus 1.2% in 3Q25, surprising expectations on the upside (Consensus: 1.3%; OCBC: 1.0%). On a sequential basis, economic growth improved to 1.9% QoQ sa from -0.3% in 3Q25. For the full year 2025, the Thai economy expanded by 2.4% YoY compared to an upwardly revised 2.9% in 2024. Thailand's 4Q25 GDP growth print suggests that the economy is riding the wave of upside surprises experienced by regional peers including Malaysia, Indonesia, Singapore and Vietnam.

The details show that domestic demand was the main driver of the 4Q25 GDP print. The contribution of domestic final demand was higher at 4.0 percentage points (pp) in 4Q25 from 1.3pp in 3Q25. Private consumption growth picked up to 3.3% YoY from 2.5% in 3Q25, while government and investment spending were up 1.3% and 8.1% from -3.9% and 1.4% respectively. Within investment spending, public sector growth picked up to 13.3% YoY from -5.3% in 3Q25 while private sector growth was higher at 6.5% YoY from 4.5% in 3Q25.

Consistent with strong domestic demand, import growth was strong at 9.1% YoY from 5.9% in 3Q25. Export growth moderated to 5.6% from 7.6%, with services exports from lower tourist arrivals contracting for a second consecutive quarter (-6.9% from -6.5% in 3Q25). Net exports shaved 2.1pp off 4Q25 GDP growth after adding 1.5pp in 3Q25. Specifically, the contribution of net goods exports was -1.7pp compared to +1.5pp in 3Q25 while net services exports shaved off 0.4pp in 4Q25 from 0.0 in 3Q25.



On the supply side, the growth drivers were mixed. The services (3.5% YoY versus 2.2% in 3Q25) and manufacturing (0.3% YoY versus -1.4%) sectors were the main drivers of growth while growth in the agriculture sector (0.3% YoY versus 2.1% in 3Q25) slowed further, "due to higher yields of rubber, oil palm, maize, vegetables, swine, and broiler. Concurrently, paddy, fruits, and fishery production decreased," according to the National Economic and Social Development Council (NESDC).

NESDC upgraded its 2026 GDP growth forecast to 1.5-2.5% from 1.2-2.2%, which is more in line with our full year 2026 GDP growth forecast of 2%. The Ministry of Finance and Bank of Thailand maintained their growth forecasts at 2.0% and 1.5%, respectively. The upside surprise to 4Q25 GDP growth reduces the need for BoT to lower rates. We maintain our forecast for BoT to remain on a prolonged pause in 2026.

%YoY, unless stated	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Real GDP growth	2.1	2.7	3.3	3.7	3.1	2.8	1.2	2.5
Demand-side								
Private Consumption Expenditures	6.6	4.6	3.2	3.3	2.4	2.5	2.5	3.3
Government Consumption Expenditures	-2.2	0.2	6.1	5.8	3.4	2.4	-3.9	1.3
Gross Fixed Capital Formation	-4.6	-6.3	4.7	4.7	4.6	5.8	1.4	8.1
Private	4.1	-7.0	-2.8	-2.5	-0.9	4.1	4.5	6.5
Public	-27.8	-4.6	24.9	38.8	25.7	10.2	-5.3	13.3
Exports of Goods and Services	4.7	5.2	9.1	11.1	12.2	11.7	7.6	5.6
Goods	-1.5	2.5	7.6	9.0	14.2	14.3	10.7	8.7
Services	34.7	20.3	16.3	19.8	5.2	0.1	-6.5	-6.9
Imports of Goods and Services	5.6	0.8	9.3	7.2	1.6	10.1	5.9	9.1
Goods	3.5	-1.7	8.2	7.9	3.1	14.4	9.1	12.8
Services	13.8	11.0	13.7	4.7	-3.7	-5.7	-6.8	-4.8
Supply-side								
Agriculture	0.3	1.0	2.0	4.1	6.2	6.4	2.1	0.3
Manufacturing	-2.5	0.6	0.4	0.4	0.9	1.8	-1.4	0.3
Services	3.8	3.3	4.4	4.9	4.0	3.3	2.2	3.5
Construction	-17.2	-5.0	15.3	18.6	16.0	7.7	-4.5	11.2

Source: Office of the National Economic and Social Development Council, CEIC, OCBC Group Research.

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