

IMF Staff Completes 2025 Article IV Mission to Thailand

November 13, 2025

End-of-Mission press releases include statements of IMF staff teams that convey preliminary findings after a visit to a country. The views expressed in this statement are those of the IMF staff and do not necessarily represent the views of the IMF's Executive Board. Based on the preliminary findings of this mission, staff will prepare a report that, subject to management approval, will be presented to the IMF's Executive Board for discussion and decision.

- Recent economic indicators for the first half of 2025 surprised on the upside as Thailand's economy expanded by 3 percent. However, growth is projected to slow to 2.1 and 1.6 percent in 2025 and 2026, respectively, amid increasing economic headwinds. Inflation is low and is expected to remain subdued, returning to the authorities' target range (1 to 3 percent) only by 2027. The outlook is uncertain with risks tilted to the downside.
- Rising economic challenges amid limited policy space call for careful calibration of the policy mix to maximize effectiveness. Given the elevated public debt, fiscal support should remain targeted and parsimonious, underpinned by a credible medium-term consolidation strategy. The shift to monetary easing remains appropriate, while there is scope to loosen further to mitigate downside risks to demand and inflation. In parallel, given the elevated household debt, measures to restore the impaired credit channel—including building on recent steps taken by the authorities—should continue to ensure effective monetary policy transmission.
- The authorities have launched several new policy initiatives to support the economy and to tackle longstanding challenges. Sustained policy action is needed to reverse the trend of slowing growth. This underscores the urgency of advancing structural reforms to boost productivity and competitiveness.

Bangkok: An International Monetary Fund (IMF) staff team, led by Mr. Peter Breuer, held the 2025 Article IV Consultation with Thailand between October 30 and November 13, 2025. At the conclusion of the discussions, Mr. Breuer issued the following statement:

"Thailand's economy is facing mounting challenges. Long-standing structural challenges and pandemic scars, including elevated household debt, have weighed on growth for some time. These vulnerabilities are now being compounded by a new wave of shocks. The U.S. tariffs, although reduced from the initially announced 36 to 19 percent, present a significant shock for the economy. Foreign tourist arrivals have declined. An unexpected change in government heightened uncertainty.

"Recent economic indicators for the first half of 2025 surprised on the upside as the economy expanded by 3 percent. Exports recorded strong growth, reflecting accelerated shipments ahead of anticipated U.S. tariff hikes. Private consumption growth continued to slow, while private investment rebounded in Q2 after four consecutive quarters of contraction. Public consumption and investment recorded considerable growth, mainly due to budget under-execution in FY2024 following a delay in budget approval.

"Looking ahead, the Thai economy is expected to slow in the second half of 2025 and further in 2026. GDP growth is projected at 2.1 percent in 2025 and 1.6 percent in 2026. Exports are expected to weaken due to a reversal of earlier frontloading, softer U.S. demand, and the impact of higher tariffs. Additionally, tight financial conditions are expected to weigh on demand. Inflation is expected to remain subdued, with average headline inflation projected at -0.1 percent in 2025 and 0.4 percent in 2026.

"Uncertainty remains high, with risks tilted to the downside. Prolonged trade policy uncertainty could further weigh on Thailand's growth and the inflation outlook. A prolonged decline in inflation could lower inflation expectations and lead to a broad-based and sustained decline in the price level. Heightened global

financial market volatility could exacerbate domestic financial vulnerabilities. Escalating geopolitical tensions or protracted political uncertainty could further undermine confidence and growth. On the upside, a swift resolution of global trade tensions, stronger-than-expected growth in trading partners, and a prompt easing of domestic political uncertainty could strengthen growth and the inflation outlook.

“Given the rising headwinds, a moderate fiscal expansion envisaged in the current budget based on carryovers from the previous fiscal year could provide crucial near-term support. Available fiscal resources should be directed towards growth-enhancing activities, remain well-targeted, and be efficiently implemented to maximize impact. In this context, the mission welcomes the decision to redirect the planned Digital Wallet universal cash transfers toward investment projects, and top up social assistance for the State Welfare Card holders. This near-term support should be anchored in a credible medium-term consolidation strategy. Absent severe downside shocks, the authorities should avoid further delaying fiscal adjustment or raising the debt ceiling and instead proceed with growth-friendly, revenue-driven consolidation to contain debt accumulation and create fiscal space for rising spending needs to invest in human and physical capital and strengthen social protection.

“The authorities have taken important steps to support the economy through recent monetary policy actions. The policy rate currently stands at 1.5 percent following four reductions totaling 100 basis points since October 2024. Economic conditions suggest room for further monetary easing, supporting the recovery in domestic demand, while preserving adequate policy space against potential future shocks. With uncertainty remaining elevated and risks tilted to the downside, close coordination between monetary and fiscal policies is essential to reinforce the policy mix, while safeguarding central bank independence and maintaining exchange rate flexibility as a key shock absorber.

“The authorities’ plans for continued orderly household debt deleveraging and support of SMEs are steps in the right direction. Restructuring low-value unsecured personal loans and enabling households to re-enter the formal credit system after successfully repaying a reduced amount or installments remain priorities. It will be important to ensure strong governance of this program. Expanding financial services to SMEs and other underserved groups will help strengthen financial intermediation and support economic growth.

“Urgent structural reforms are needed to strengthen resilience and improve growth potential. Key priorities include deepening trade and financial integration, reinvigorating structural transformation to boost labor productivity, and advancing export sophistication, alongside efforts to enhance social protection, governance, and climate resilience. Together, these policies would support stronger and more inclusive growth and facilitate external rebalancing.

“The IMF team exchanged views on recent economic developments and the outlook with officials in the government, the Bank of Thailand, other public institutions, and representatives of civil society and the private sector. The team would like to thank the authorities and other interlocutors in Bangkok for the productive discussions. The IMF’s Executive Board is tentatively scheduled to discuss the Staff Report in February 2026.”

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