

Monthly Economic Report

July 2025

Monthly Economic Report Vol.2 No.4 April 2025



ศูนย์วิจัยกสิกรไทย
开泰研究中心 KASIKORN RESEARCH CENTER



Global economic highlights

1

Global crude oil prices face high volatility due to Middle East tensions



Reuters

2

Slow US trade talks put many countries at risk of reciprocal tariffs in July



Financial Times

3

Despite resilient conditions in 1H25, the global economy is expected to slow significantly in 2H25



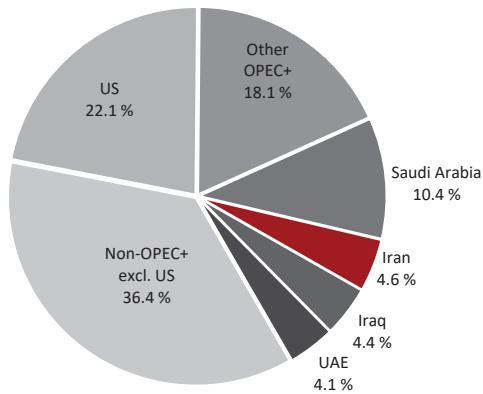
Brookings

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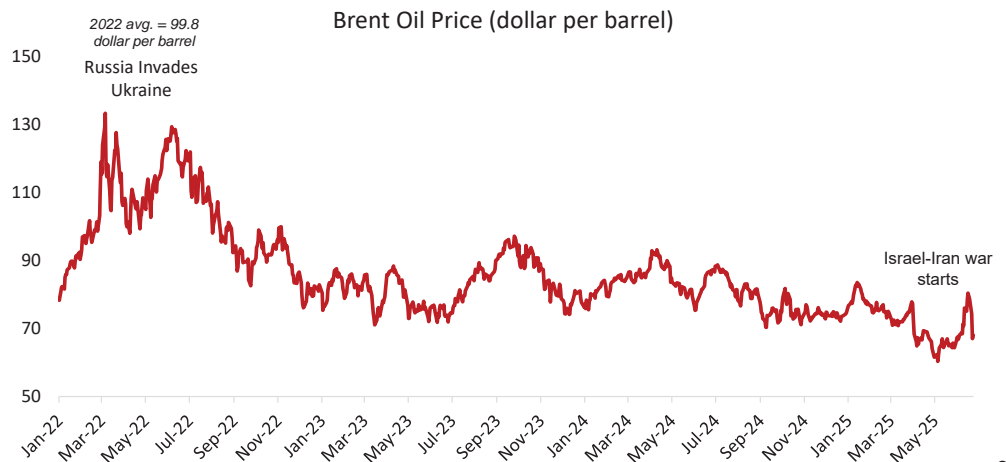
Global oil prices spiked after Israel's attack on Iran, but the impact was limited due to Iran's relatively small share of global supply

Iran accounts for only 4.6% of global oil supply in 2024

% Share Production of Global Oil Supply



Iran's limited role in global crude supply kept oil prices below \$80 per barrel, and prices fell below \$70 after the ceasefire



Source: EIU, EIA, Reuters, KResearch as of 17 Jun 2025

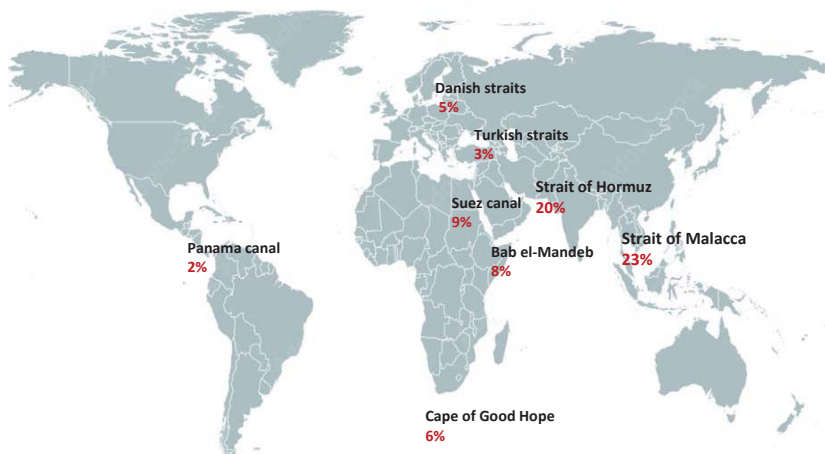
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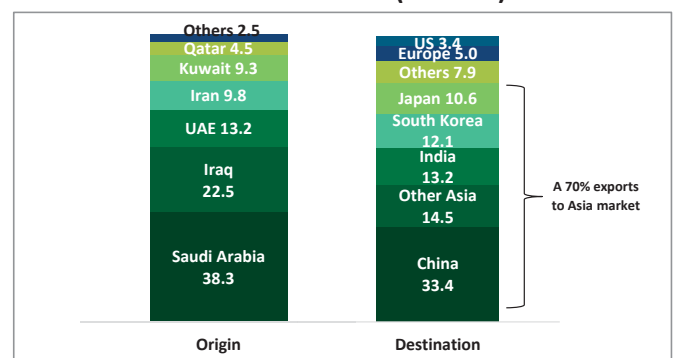
The Strait of Hormuz is vital for about 20% of global oil flow; while its closure is unlikely, it would pose a high-impact risk to oil prices

The Strait of Hormuz is crucial for global oil transport, accounting for 20% of total supply

% Value of Transported Oil Share to Total Supply



Volume of oil transported through Strait of Hormuz (% share)



Volume of energy flows through Strait of Hormuz in 2024



Source: CEIC, EIA

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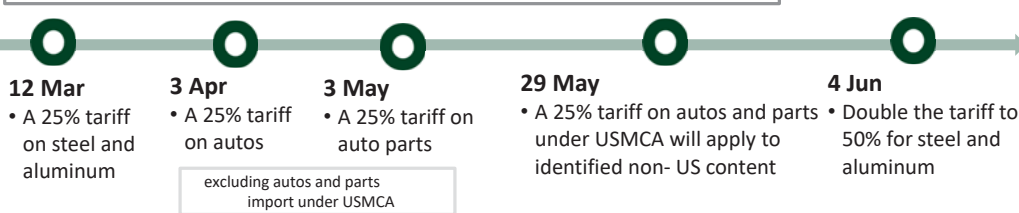
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Uncertainty remains after the 90-day tariff pause, as negotiations are delayed while US trading partners attempt to reach a deal

Reciprocal tariffs – Who’s likely to reach a deal?



Tariffs already in place under Section 232



Note: 8 May (UK)

Achieved the first trade deal



9-11 Jun (China)

• London talk: agreed to ease trade tension which could resolve rare earth issues

Note: achieved a 115% tariff cut for 90 days (10 May)

Source: KResearch as of 25 Jun 2025

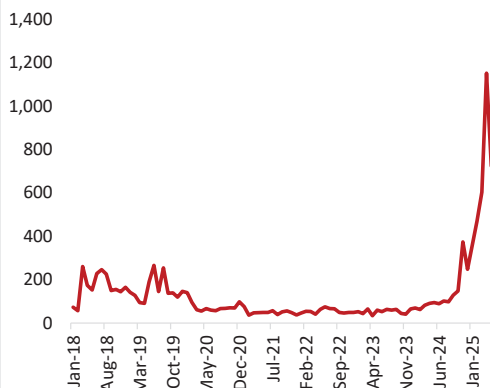
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Asian export growth slowed in May 2025 as US tariffs took effect, with further headwinds expected in 2H25 amid ongoing trade policy uncertainty

Uncertainty surrounding US trade policy remains elevated

Trade Policy Uncertainty Index



Export growth across many Asian countries weakened in May 2025 as the effects of newly imposed US tariffs began to materialize

Export Growth of Selected Asian Countries (%YoY)

	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
China	7.4	8.4	6.9	8.6	2.3	12.6	6.6	10.7	6.0	-3.0	12.3	8.1	4.8
Hong Kong	13.3	2.4	0.6	-9.9	-0.3	16.6	-5.3	-1.5	-2.6	-11.1	0.7	9.0	-2.2
India	-0.2	-5.7	-1.4	4.4	1.6	2.9	1.1	-3.8	0.3	10.0	4.5	8.9	5.7
Japan	2.5	0.0	10.1	17.0	9.3	12.2	9.8	22.2	5.4	13.9	13.6	25.7	9.3
Malaysia	15.1	11.0	13.2	6.8	5.2	4.2	2.4	5.7	0.5	16.0	19.2	15.7	15.6
Singapore	11.0	-2.4	12.2	6.9	5.3	0.9	5.8	13.1	1.2	5.5	2.7	25.2	7.0
South Korea	11.5	5.6	13.9	10.9	7.1	4.6	1.3	6.6	-10.1	0.4	2.8	3.5	-1.3
Thailand	6.9	-0.3	15.2	7.0	1.1	14.6	8.2	8.7	13.6	14.0	17.8	10.2	18.4
Vietnam	19.5	13.3	20.9	15.5	11.2	10.7	8.8	13.0	-4.1	25.7	14.5	19.7	17.0

Some countries may see an export rebound in June 2025 due to sustained strong demand for tech products. In the first 20 days of June, South Korea’s exports rose 8.3%YoY, driven by a 21.9%YoY surge in semiconductor shipments and a 9.2%YoY increase in car exports. However, export growth is expected to face headwinds in 2H25 due to the impact of US tariffs, following a period of strong front-loaded shipments in 1H25 and lingering uncertainty over potential reciprocal and sector-specific US tariffs.

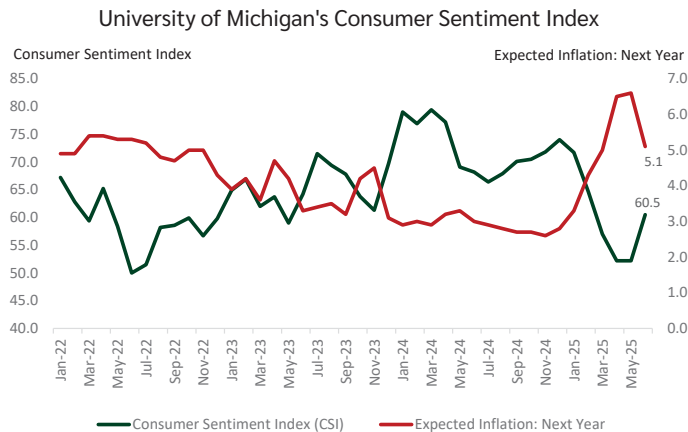
Source: CEIC, Caldara et al. (2020)

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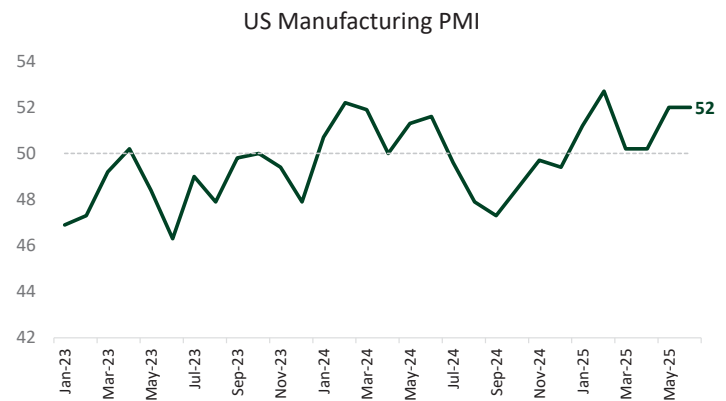
The US economy remains resilient but is expected to slow in 2H25 as the effects of rising tariffs and fading inventory buildup weigh on demand and business activity

US consumer sentiment rebounded in June 2025 on easing tariff concerns but remains well below historical average



Source: CEIC

US manufacturing continued expanding in June, partly driven by stockpiling amid price and supply concerns

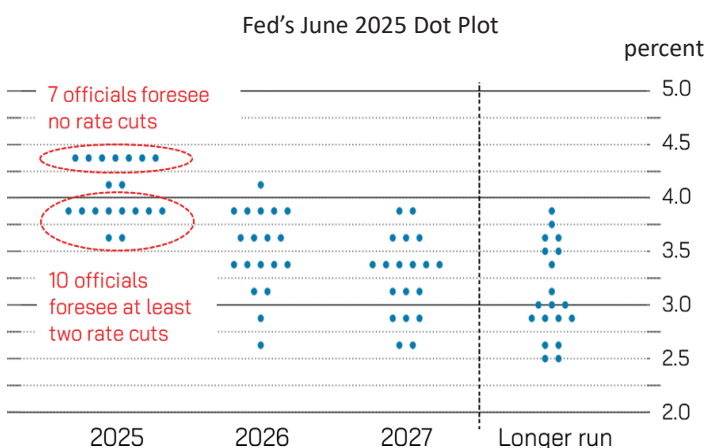


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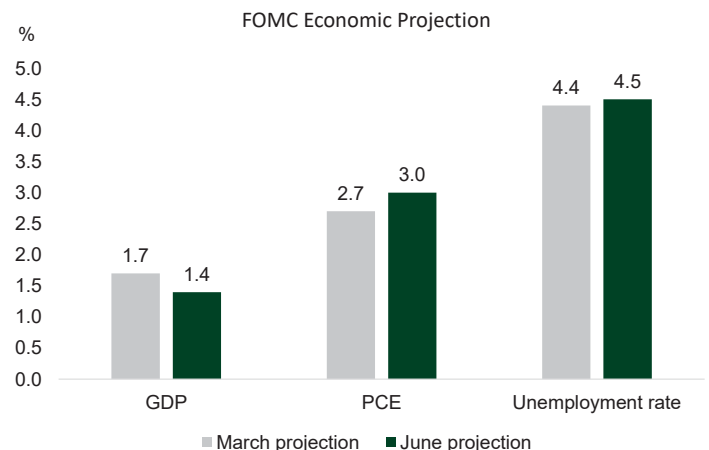
We expect Fed to cut policy rate twice in the 2H25, in consistent with the latest Dot Plot, with the earliest cut likely in September

Fed policymakers overall signaled a wait-and-see approach and continued to expect two rate cuts this year



Source: FED

The Fed downgraded its economic outlook and raised inflation forecasts



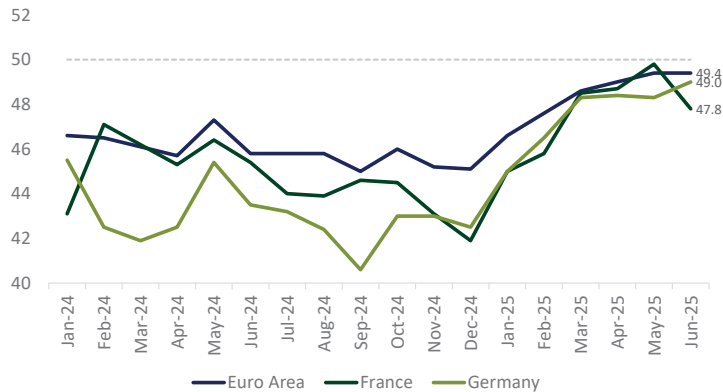
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The Eurozone economy stagnates and remains vulnerable to energy price shocks and tariff pressures

Eurozone manufacturing PMI stagnated and remained in contraction territory in June 2025

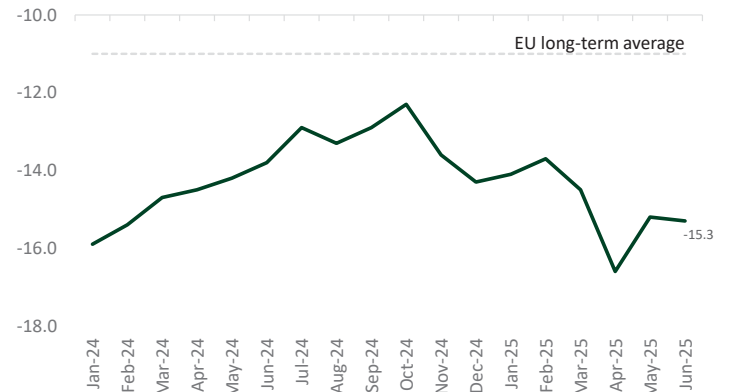
Eurozone Manufacturing PMI (s.a.)



Source: S&P, European Commission

Eurozone consumer sentiment worsened amid rising uncertainty from tariffs and ongoing Middle East tensions

Consumer Confidence Indicator (s.a.)



Note: Consumer confidence data collection period: June 1-19
CCI data is scaled from -100 to +100, with 0 representing neutrality

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Thai economy highlights

1

KResearch revised down its inflation forecast, while citing the ongoing Israel-Iran conflict as a key risk



Money and banking

2

Thai export growth has been revised up to 1.5% due to stronger-than-expected frontloaded shipments



Nation Thailand

3

Tourism is pressured by Middle East conflicts and Thai-Cambodian tensions, while Chinese arrivals remain weak



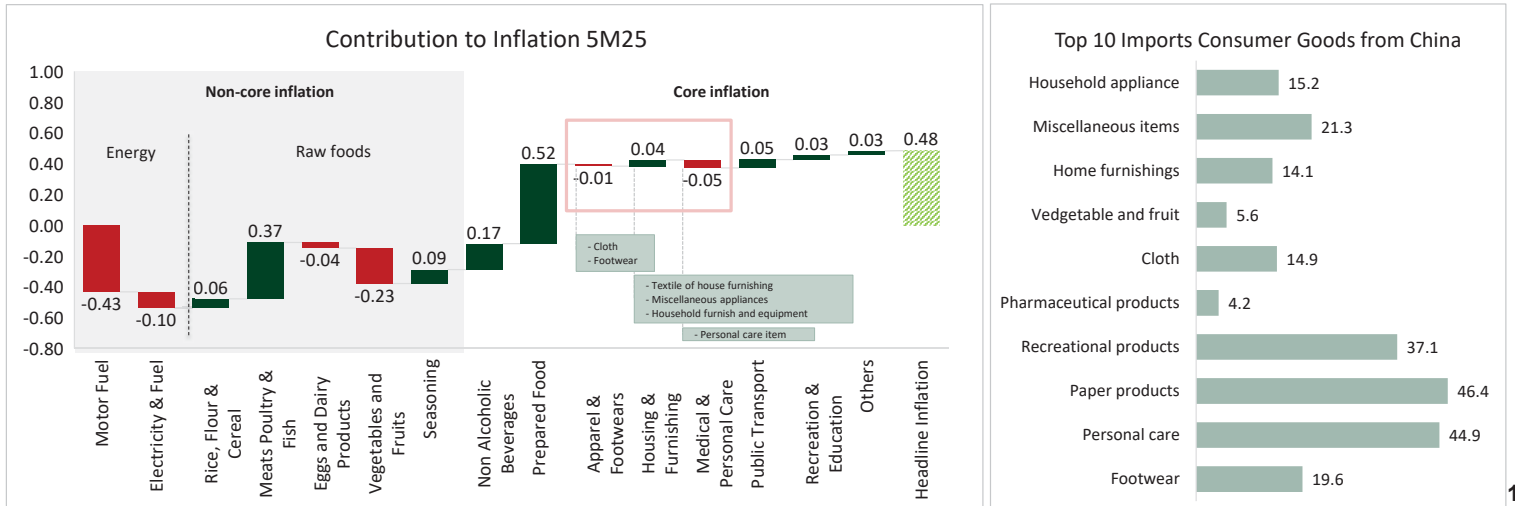
Bangkok Post

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KResearch has revised its 2025 headline inflation forecast down to 0.3%, though this is not considered deflation

Low inflation is mainly driven by falling energy and fresh food prices, while cheap imports from China raise concerns by adding downward pressure on core inflation

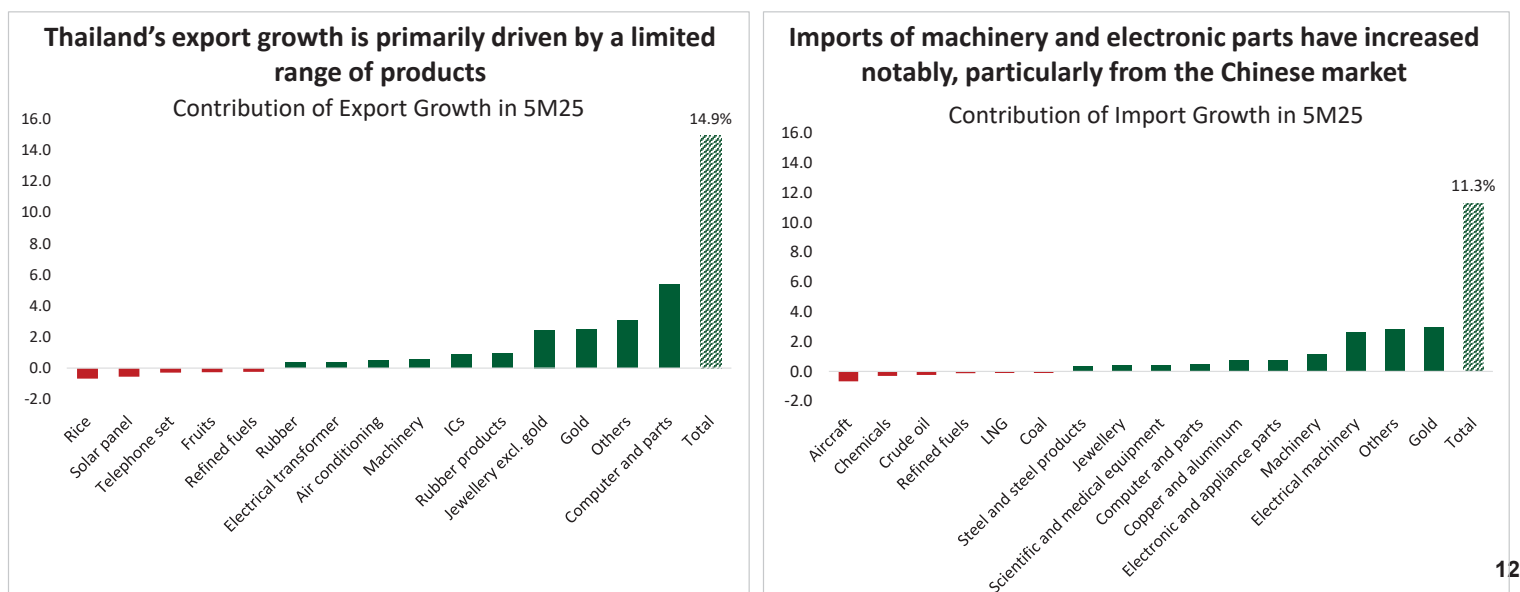


Source: MOC, CEIC, MOC

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KResearch raised its export growth forecast to 1.5% on stronger-than-expected frontloaded shipments, while maintaining its GDP outlook



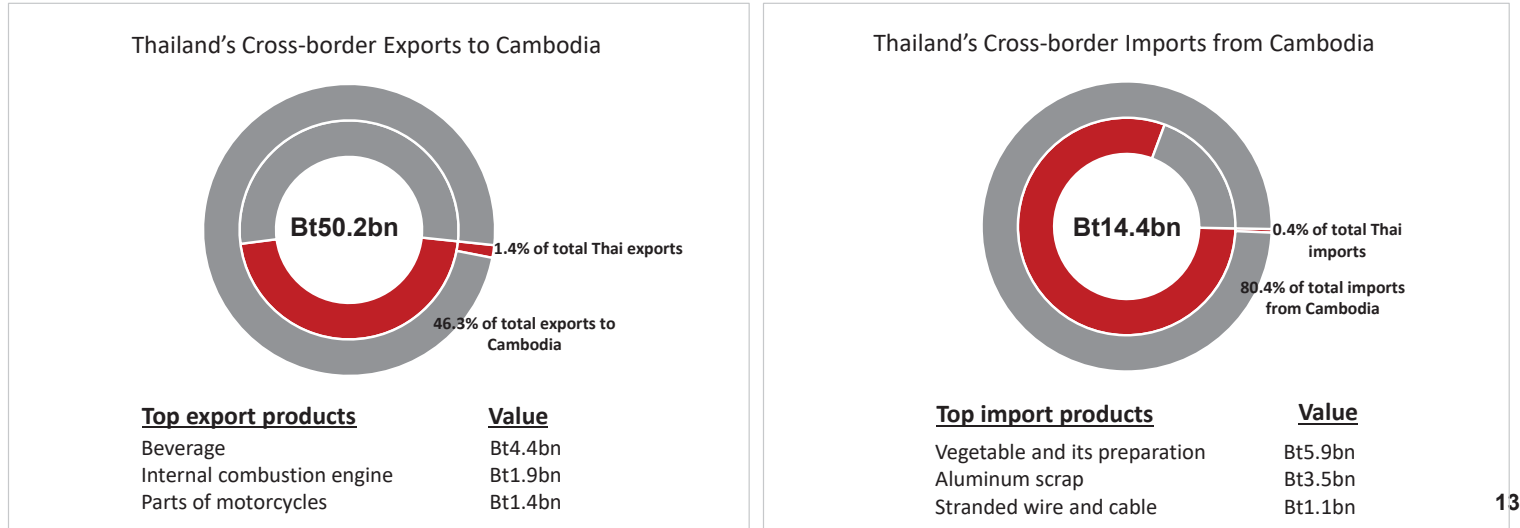
Source: MOC

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Tensions between Thailand and Cambodia have disrupted border trade, though the overall impact on Thailand's exports remains limited

Most Thai-Cambodian trade is cross-border, but it represents a small portion of total trade



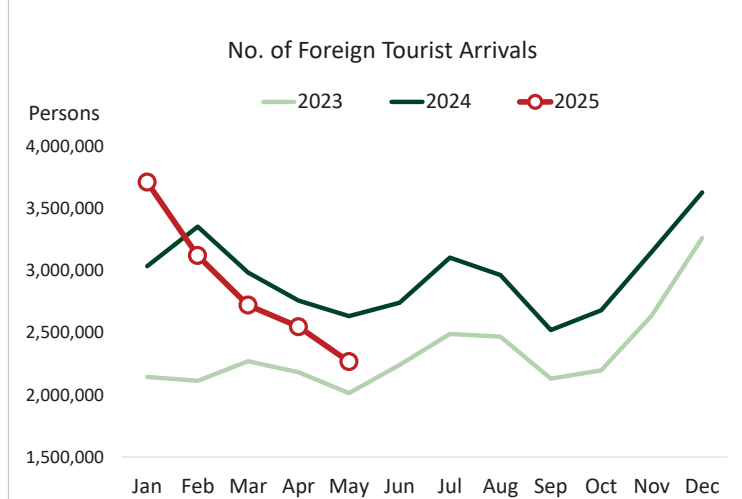
Source: MOC

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Economic support from foreign tourists is weakening, with arrivals expected to decline in 2025 for the first time in three years

In May 2025, the number of foreign tourist arrivals hit the lowest level in over 19 months



Source: MOT, KResearch

Foreign tourist arrivals fell in 5M25, driven by declines from two main markets – China and Malaysia

Top 5 tourist Markets for Thailand			
Nationality		5M25	
		Persons	%YTD
	China	2,911,370	-32.7
	Malaysia	2,012,406	-5.5
	India	842,580	16.1
	Russian Federation	848,473	13.3
	South Korea	673,563	-16.2
Total		9,436,969	-12.5

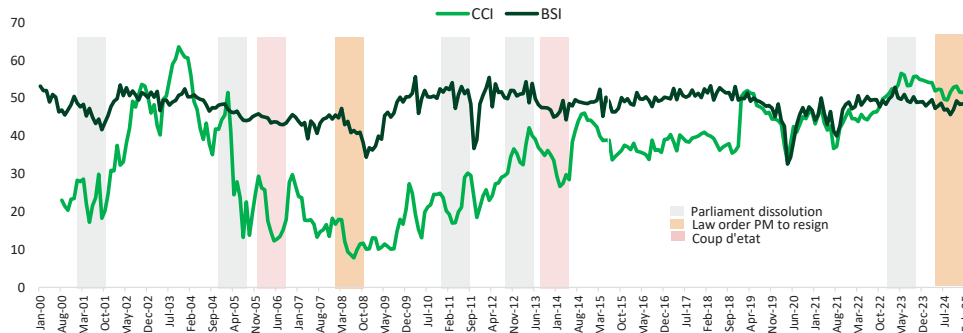
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Political instability may hinder budget disbursement and may weigh on GDP

Thailand's Prime Minister has not resigned amid mounting political pressure, leaving risks of a no-confidence vote or potential court-ordered removal due to legal or constitutional challenges

Consumer Confidence and Business Sentiment



The Thai ruling coalition faces challenges as its allies withdraw:

- Ruling coalition: **261**
- Opposition: **234**

Majority requires 248 seats, leaving the current coalition just 13 seats above the majority threshold, putting it in a precariously thin position

The FY2026 budget is expected to follow the schedule



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KResearch maintains its 2025 GDP forecast at 1.4%, amid high internal and external risks

Key Indicators (%YoY except otherwise stated)	2024	2025f	2025f
		(as of Apr 2025)	(as of June 2025)
GDP	2.5	1.4	1.4
Private consumption	4.4	2.0	2.0
Public consumption	2.5	2.5	1.5
Investment	0.0	2.0	0.7
- Private	-1.6	1.4	-0.5
- Public	4.8	5.0	6.0
Exports (Customs based in USD)	5.4	-0.5	1.5
Imports (Customs based in USD)	6.3	1.0	2.2
Headline inflation	0.4	0.5	0.3
Average Dubai crude oil price (USD/Barrel)	79.7	70.0	66.0
No. of international tourist arrivals (Mn persons)	35.5	35.9	34.5

