

Monthly Economic Report

May 2025

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ศูนย์วิจัยกสิกรไทย
开泰研究中心 KASIKORN RESEARCH CENTER



Global economic highlights

1

The US plans to lower tariffs on Chinese goods, although the rates will remain elevated



Nikkei Asia

2

The IMF cuts global economic growth forecast amidst trade worries



Reuters

3

The Eurozone economy has stalled, with a recent power outage raising energy resilience concerns

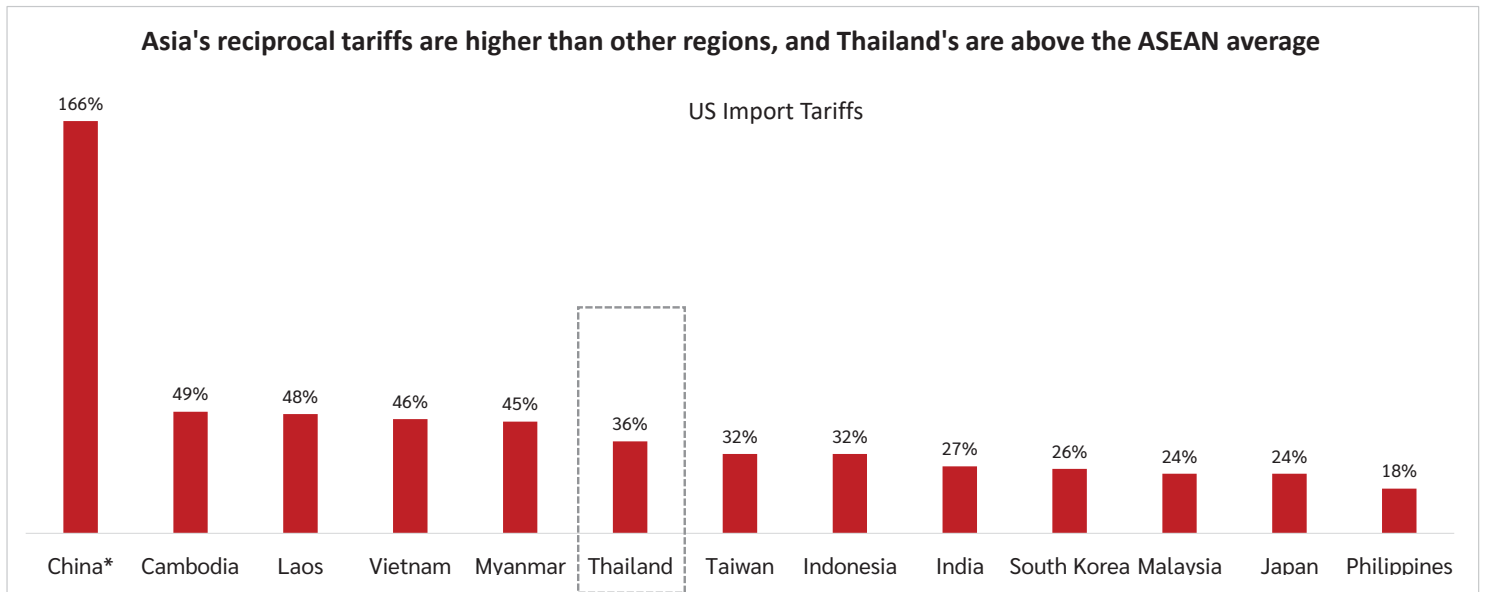


CNN

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The US announced reciprocal tariffs on April 2. However, the tariffs were paused for 90 days and set at a 10% baseline, excluding China

Asia's reciprocal tariffs are higher than other regions, and Thailand's are above the ASEAN average



Source: White House as of 11 April 2025

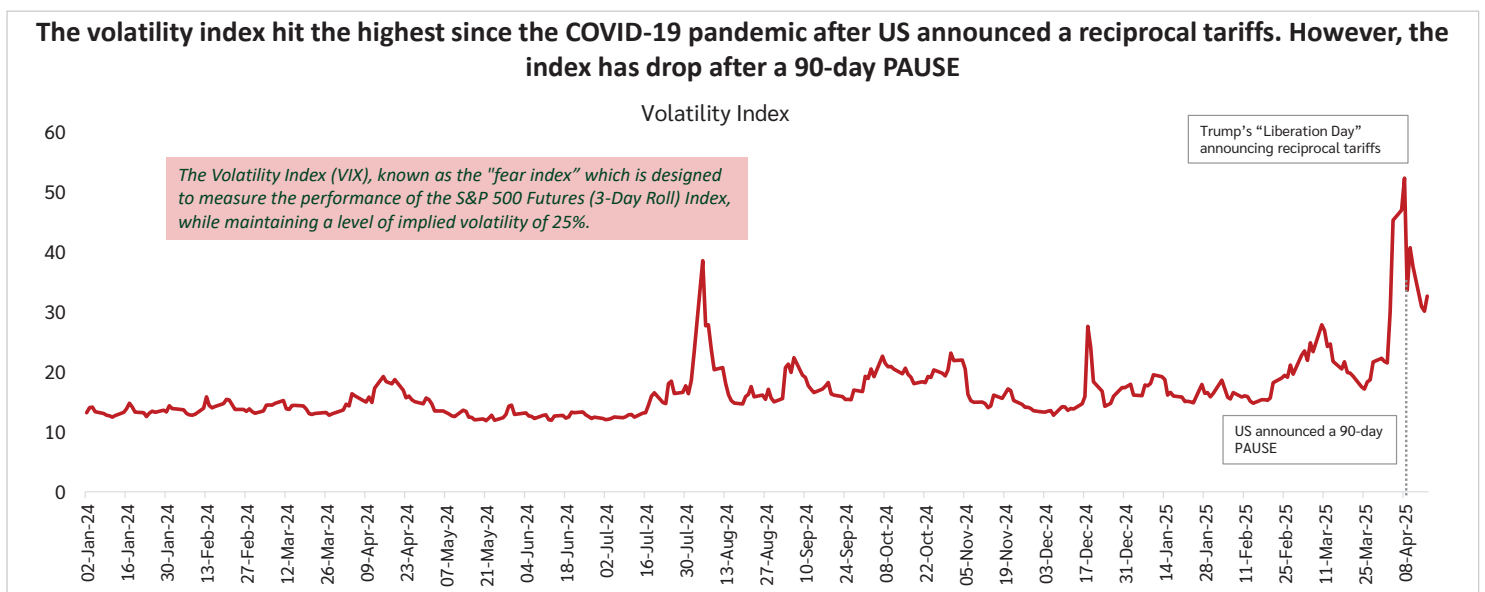
Note: *addition to the tariff rates from Trump 1.0 and Trump 2.0 (before reciprocal tariff), meaning the reciprocal rate in China is 166%

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US reciprocal tariff plans sparked COVID-level market volatility, but their suspension has eased investor concerns

The volatility index hit the highest since the COVID-19 pandemic after US announced a reciprocal tariffs. However, the index has drop after a 90-day PAUSE



Source: Cboe Global Markets

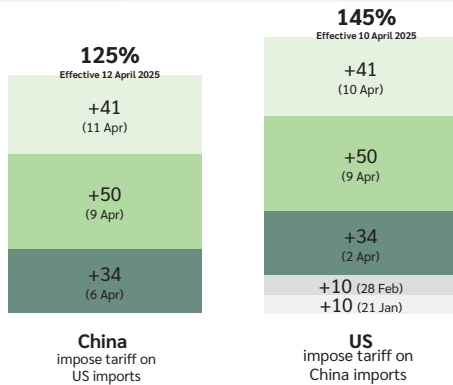
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China's retaliation has pressured the US to reassess domestic economic impacts, prompting a softer approach to tariffs on Chinese imports

The US plans to reduce tariffs on Chinese goods by approximately half from the current 145%, though the rate would still remain significantly higher than that applies to other countries

Tariff action



Note: in parentheses () indicate announcement date

Source: Aggregated data by KReserach as of 11 April 2025
Note: Trump 2.0 before reciprocal tariff (20%) + after reciprocal tariff (125%)

Non-Tariff action



Export Controls:

China restricted exports of key minerals to the US such as tungsten, tellurium, and rare earths



Blacklisting Companies:

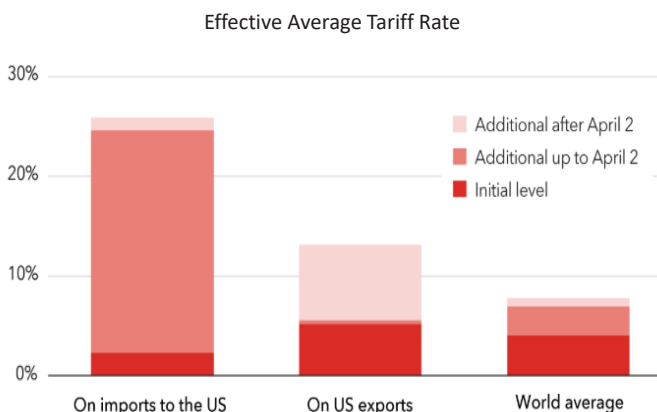
added more US company to "Unreliable Entity List," restricting their operations and investments in China.

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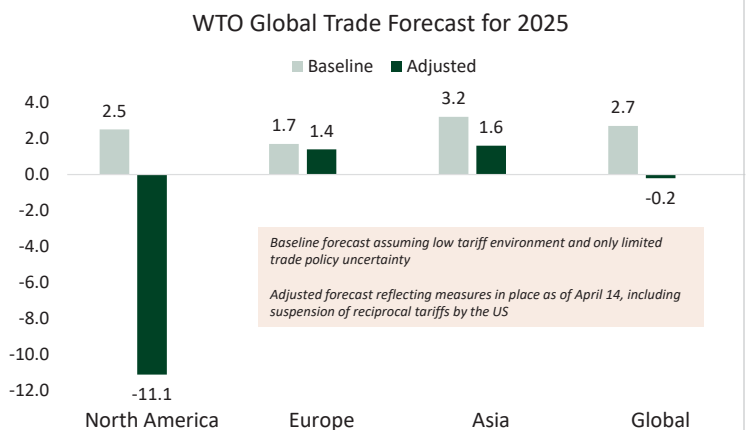
The US tariff hikes are expected to significantly slow down global trade and accelerate the decoupling of the economies

Global tariffs are rising sharply, with the US tariff rate exceeding levels from the Great Depression



Source: IMF WEO (Apr 2025)

WTO slashes global merchandise trade growth to -0.2% in 2025 due to rising tariff risks



Source: WTO

Note: average of export and import growth projection

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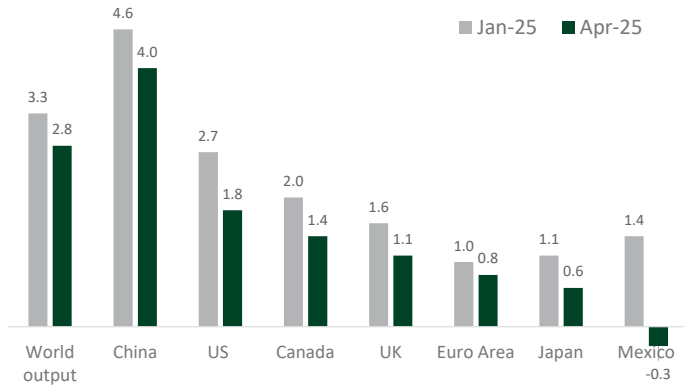
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The IMF cuts growth forecasts for most countries due to rising trade tensions and high policy uncertainty

The IMF cuts global economic growth forecast amidst trade worries

IMF GDP Projection

■ Jan-25 ■ Apr-25



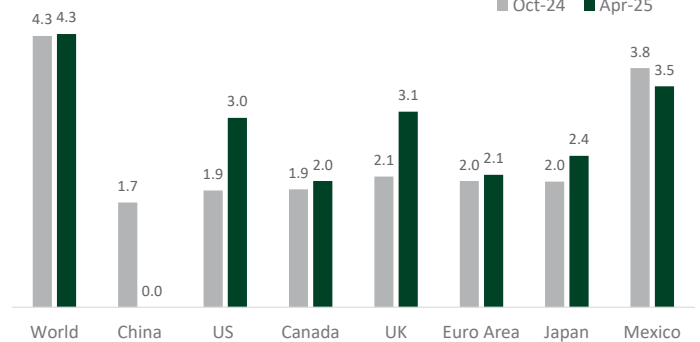
Source: IMF WEO

Note: includes announced tariffs up to April 12

The IMF expects inflation to decline more slowly than previously anticipated among several advanced economies

IMF Inflation Projection

■ Oct-24 ■ Apr-25



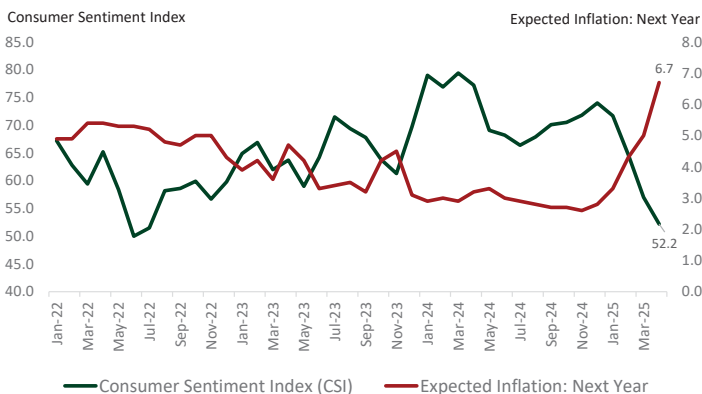
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US consumer spending prospects are weakening amid tariff impacts, as reflected by a sharp decline in consumer sentiment

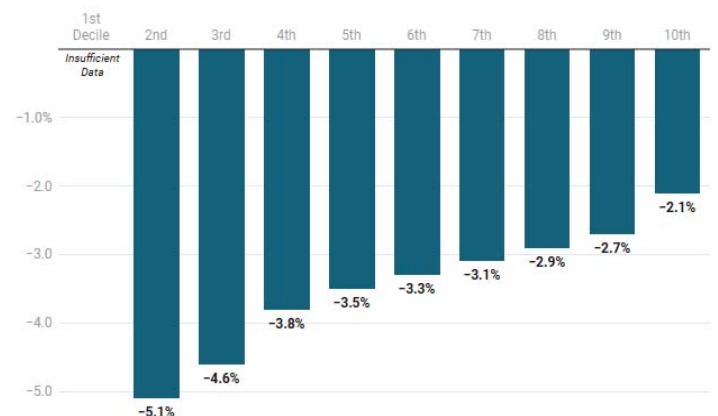
US consumer sentiment has plunged to its lowest level in 33 months, while inflation expectations surged sharply

University of Michigan's Consumer Sentiment Index



Source: CEIC, The Budget Lab

Tariffs burden low-income households more than high-income ones, similar to a regressive tax

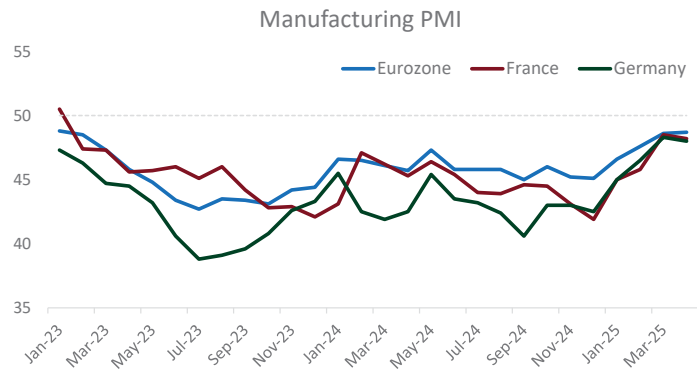


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The Eurozone economy has stalled amid weak PMI data, with a recent power outage in Southern Europe causing economic disruptions and raising energy resilience concerns

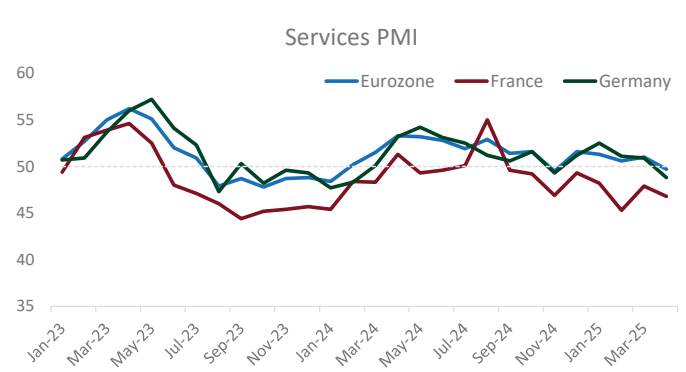
Eurozone manufacturing PMI showed some improvement but remained in contraction in April 2025



Eurozone manufacturing PMI improved in April 2025 on the back of lower input costs, falling energy prices, and higher defense spending.

Source: S&P, CEIC

Eurozone services PMI plummeted as US tariffs took heavy toll on sentiment



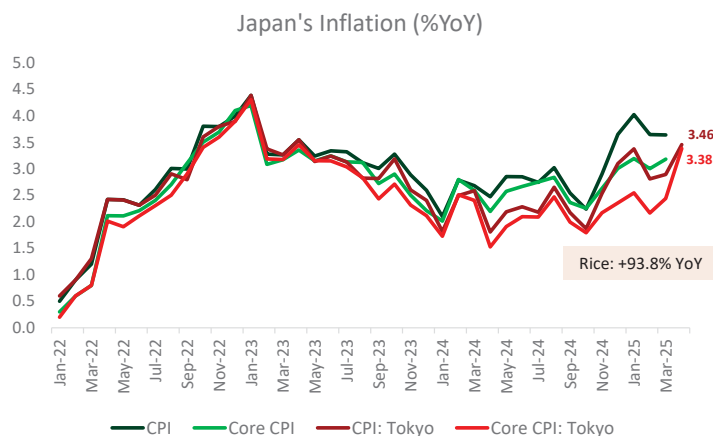
Concerns over tariffs and the broader economic outlook have led to delays in decision-making and restrained spending, leading to a decline in services PMI in April 2025

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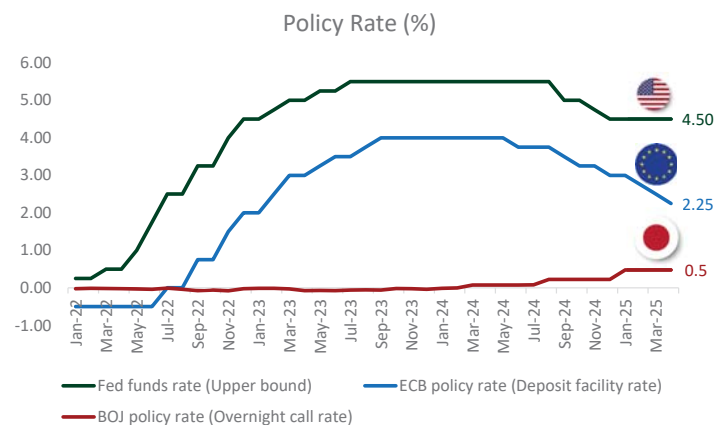
Japan's inflation accelerated due to surging rice prices, reinforcing the BOJ's gradual approach to raising the policy rate

Inflation in Japan's capital accelerated to a two-year high in April on surging rice prices



Source: CEIC, FRED

The BOJ will remain cautious about the timing of additional rate hikes amidst US tariff impacts



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Thai economy highlights

1

The 90-day tariff halt offers limited upside and does not alter Thailand's economic outlook in 2025



Reuters

2

In 2H25, the Thai economy faces high risks from US tariffs and lower-than-expected tourist arrivals



Thailand Business News

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KResearch forecasts 1.4% Thai growth in 2025, depending on negotiation outcomes and possible stimulus



NationThailand

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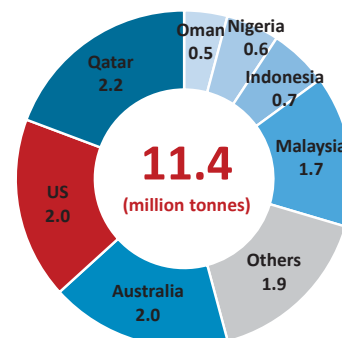
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Several US trade partners, including Thailand, sought negotiations with the US

	Japan	South Korea	Thailand
Increasing imports from US	i.e. energy products	i.e. energy, agricultural products	i.e. Agricultural products, pig offal, energy products
Reducing tariff barriers	Automotive	Automotive	US products with negligible tariff revenue for Thailand
Lowering non-tariff barrier	n/a	Review non-tariff barriers	Review non-tariff barriers
Seeking investment in US	Natural gas production in Alaska	Expand US base production; auto, semiconductor	1) Food processing 2) Natural gas production in Alaska
Others	Maintain and increase high-wage employment in the US	Shipbuilding collaboration	Strengthening certificate of origin controls

Thailand plans to purchase 1 million tonnes of LNG from the United States for approximately US\$500 million, as existing procurement contracts with other countries are set to expire over the next five years.

LNG imports by market in 2024



Note: Thailand's negotiations with US officials, scheduled for April 23, have been postponed.

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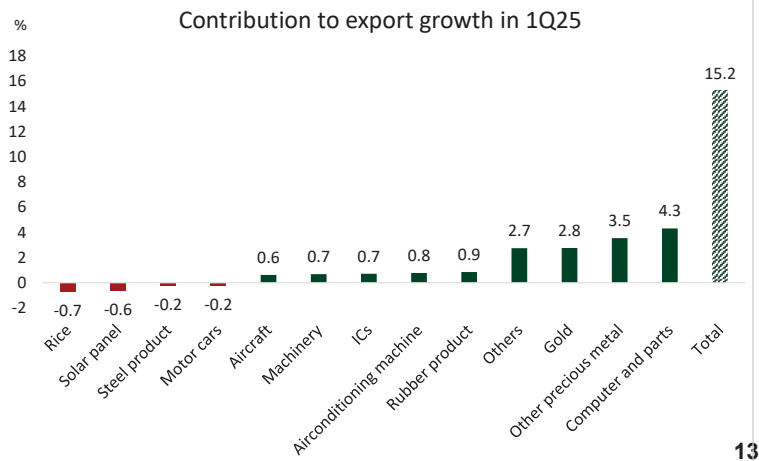
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Thai exports are expected to moderate in 2Q25, despite the 90-day tariff halt, due to earlier front-loaded imports, and contract in 2H25 from potential US tariff hikes

Thai exports grew strongly by 17.8% YoY in March 2025, the highest in three years, driven by front-loaded shipments



Key supporting factors included higher exports of industrial products and gold



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The 90-day tariff halt offers limited upside and does not alter Thailand's economic outlook, which still largely depends on negotiation outcomes and relative tariff rates

	Possibilities	Scenarios	China	ASEAN	Thailand	Impact on GDP in 2025
Upside	●	1	75% based on the reciprocal rate or higher	10%	10%	• An upside to GDP forecast with a range of 1.4% to 2.0%
	●	2	75% based on the reciprocal rate or higher	> 10%	10%	• An upside to GDP forecast – higher than Scenario 1
Downside	●●●	3	75% based on the reciprocal rate or higher	10%	>10% (Up to 36%)	• GDP is likely to be below 1.4%
Baseline	●●●●●	4	75% based on the reciprocal rate or higher	Reciprocal rates		• GDP 1.4%

*The impact of proposals contingent on trade-offs, such as the opening of agricultural product markets, is not included.
 **The surge in exports over the next 90 days is expected to result in a decline in exports for the remainder of the year.
 *** The potential impact of the emergency decree on borrowing (if applicable) is not considered

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A 36% US tariff on Thailand is expected to cause Thai exports to contract by -0.5% in 2025, accounting for both direct and indirect effects

Scenarios		10% tariff	25% tariff	36% tariff
Direct impact to total exports (%)	Decreased exports to the US	0.3%	0.8%	2.6%
	Decreased exports to supply chain countries i.e. Mexico, China			
Indirect impact to total exports (%)	Higher competition with Chinese products in other export markets	0.5%	0.5%	1.2%
	Global trade slowdown from aggrieve tariff and retaliation			
Total impact on Thai exports (% to total exports)		-0.8%	-1.3%	-3.8%
Thailand's exports forecast in 2025 (%) which calculated an upside from increased gold exports		2.5%	2.0%	-0.5%

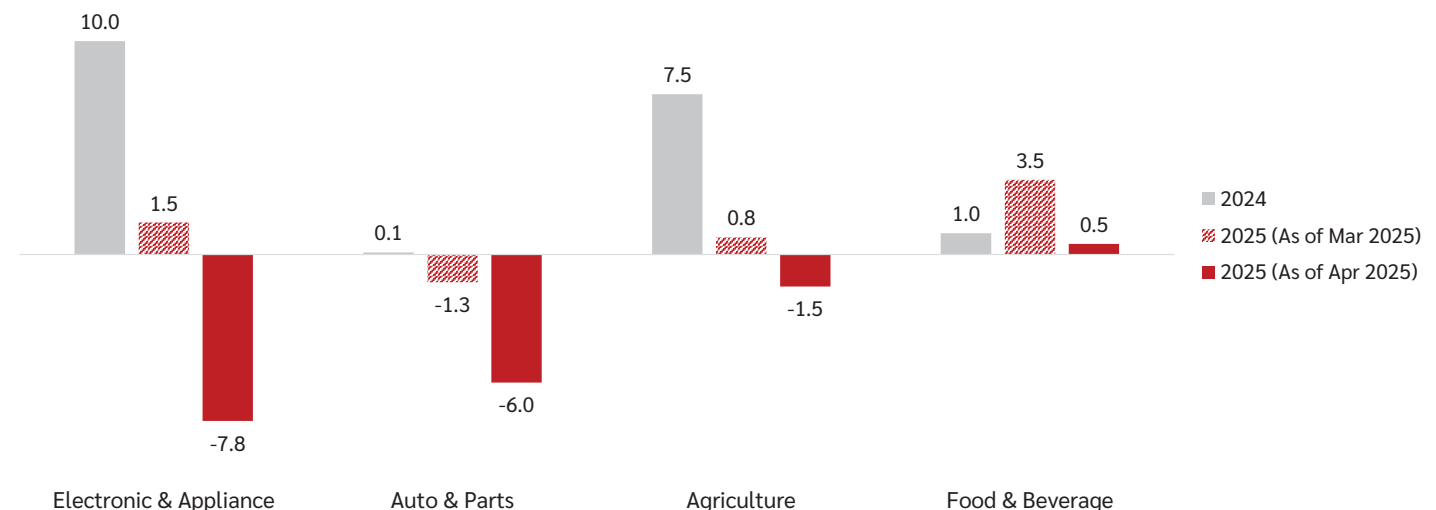
Source: Estimated by KResearch

Note: The estimated impact includes both the direct effect on Thai exports to the US and the indirect effect from declining Thai exports to China, Mexico, and Canada due to supply chain disruptions, as well as the broader decline in Thai exports globally caused by China's flooding.

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Products heavily reliant on the US market or facing higher tariffs are particularly affected, especially electronics and appliances

Key export products of Thailand are expected to be impacted by the US tariff increases, leading to a contraction in 2025



Source: MOC, forecast by KResearch

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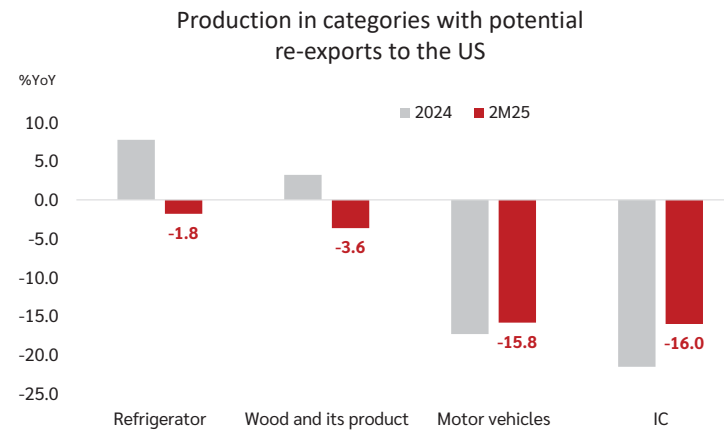
Thailand's export growth contrasts with weak domestic manufacturing, partly due to the re-export of imported goods labeled as Thai origin to claim trade benefits

The Thai manufacturing sector is expected to remain sluggish in 2025 due to re-exports and slower export growth



Source: OIE, MOC

Thai government aims to address the issue of entitlement abuse, which undermines the domestic manufacturing



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In the first half of April 2025, foreign tourist arrivals in Thailand declined by -6.0%YoY due to lower-than-expected Chinese and South Korean visitors



Source: MOT

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Confidence among Thai businesses and households has been impacted by a mix of internal and external factors

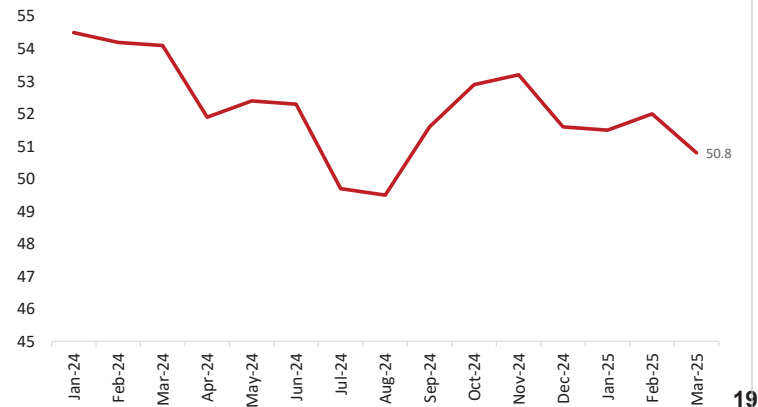
Industrial confidence in March declined due to the earthquake and Trump's tariffs

Thai Industries Sentiment Index (TISI)



Consumer confidence in March fell for the second consecutive month due to concerns over Trump's tariffs

Consumer Confidence Index: Overall



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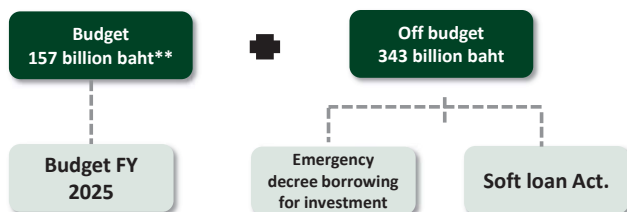
An increase in fiscal spending to mitigate the effects of US tariffs may be necessary, but it could potentially undermine Thailand's fiscal stability

Thailand's 500-billion-baht stimulus plan* aims to mitigate the impact of US tariffs and boost economic growth

• Key Measures:

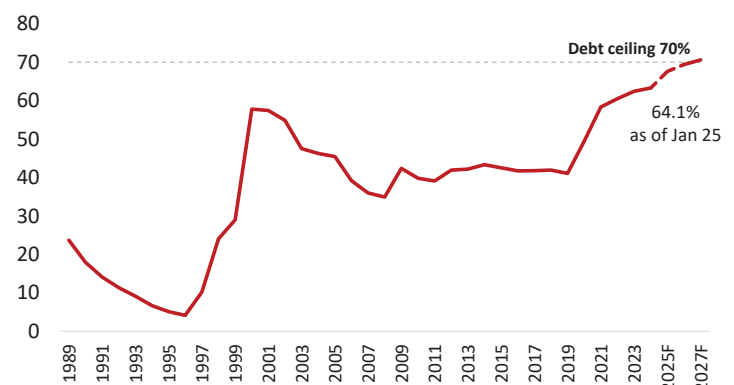


• Budget funding



The rising cost burden may cause Thai public debt to reach its ceiling sooner than the projected year of 2027

% Public debt to GDP



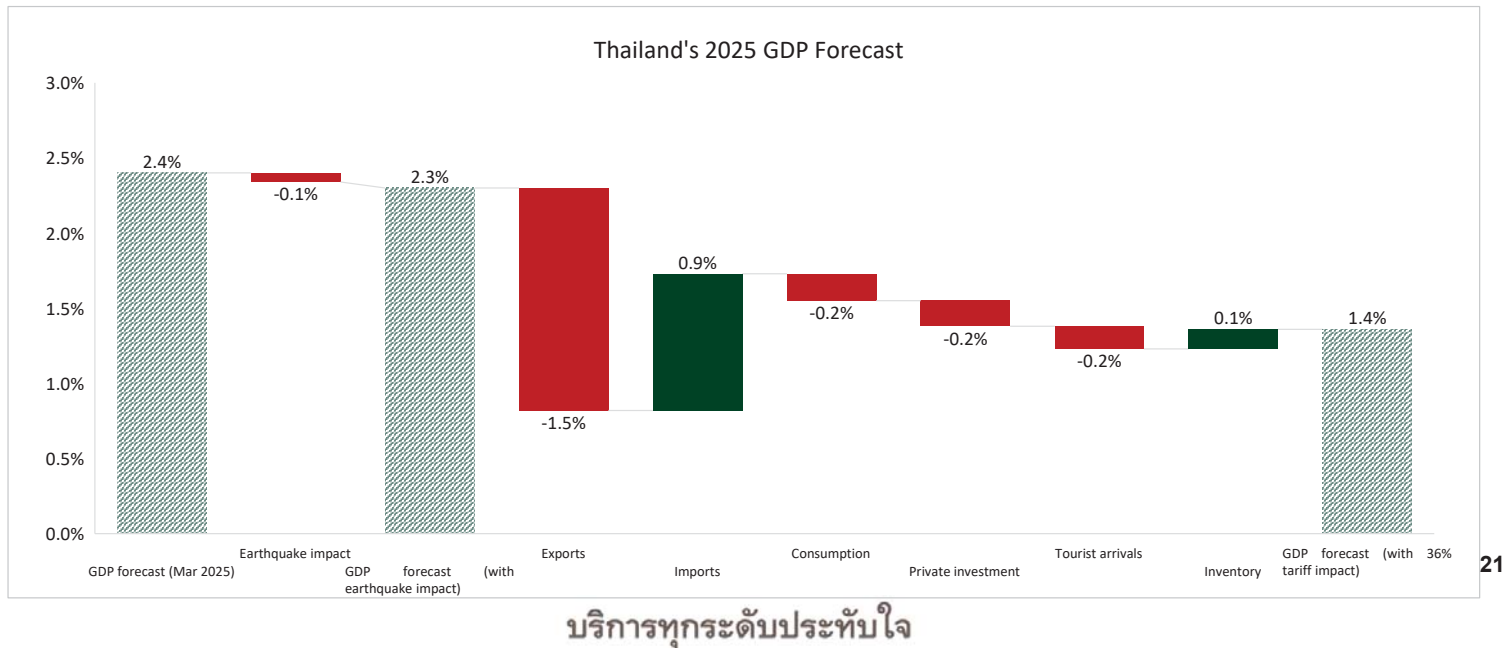
Source: data as of 25 Apr 2025, PDMO, forecasted by KResearch

Note: * The details have not yet been finalized

**The budget may fund a digital wallet phase 3 (targeting teenagers)

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The US tariff and earthquake is projected to reduce Thailand's GDP by approximately 1.0%, contingent on the outcome of ongoing negotiations



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KResearch expects the Thai economy to grow at a slower pace of 1.4% in 2025, with uncertainty still dependent on the outcome of negotiations

Key Indicators (%YoY except otherwise stated)	2024	2025f	2025f
		(as of Mar 2025)	(as of Apr 2025)
GDP	2.5	2.4	1.4
Private consumption	4.4	2.4	2.0
Public consumption	2.5	2.5	2.5
Investment	0.0	2.7	2.0
- Private	-1.6	2.5	1.4
- Public	4.8	5.0	5.0
Exports (Customs based in USD)	5.4	2.5	-0.5
Imports (Customs based in USD)	6.3	3.4	1.0
Headline inflation	0.4	0.7	0.5
Average Dubai crude oil price (USD/Barrel)	79.7	70.0	70.0
No. of international tourist arrivals (Mn persons)	35.5	37.5	35.9

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