

# Grant Thornton International Business Report – Thailand focus

Q1 2025

April 2025



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# 1 Executive Summary

# Executive Summary: IBR Thailand Focus – April 2025

## Macroeconomic Overview

- Thailand's GDP grew by **3.2% in Q4 2024**, supported by a **10.6% rise in exports** and strong capital inflows.
- **Inflation remained low at 1.0%**, within the Bank of Thailand's target range.
- The **policy interest rate was cut by 25 bps to 2.25%**, with a further reduction to **2.0% in February 2025**, signaling an easing stance.

## Regional Performance

- Despite positive momentum, Thailand's **real GDP growth remains lower** than other Southeast Asian economies.
- However, the **quarter-on-quarter trend is improving**, indicating gradual recovery.

## Business Sentiment

- Survey conducted **between 27 Jan – 3 Mar 2025** and analysed in collaboration with **Oxford Economics** measuring the sentiment of mid-market business leaders.
- **Global and regional optimism declined**, but the decline in Thailand was **less severe than expected**, despite looming US tariff announcements.
- Surprisingly, Thai business leaders are either **more optimistic or growing in confidence faster than peers** in ASEAN, APAC, and Global comparators, particularly in:
  - **Export growth**
  - **Revenue and profitability expectations**
  - **Investment intentions** (people, technology, R&D)

# Executive Summary: IBR Thailand Focus – April 2025

## Confidence in Thai Economy

- **31% of respondents** were “**very confident**” in economic improvement for 2025
- However, there is concern this sentiment may be **overly optimistic**, underestimating global trade uncertainties.

## Key Risks and Structural Challenges

- This data was collected prior to President Trump's tariff announcements when general market conditions were more positive.
- **High household debt** and concerns over **commercial debt quality** remain significant headwinds.
- Heavy **dependency on exports to the USA** increases vulnerability to recent **US tariff changes**.
- Although a new tariff negotiation is **possible**, it may come with **strategic trade-offs**.

## Outlook for 2025

The year ahead is expected to be **volatile and unpredictable**, shaped by **geopolitical shifts**, **economic imbalances**, and **global market reactions** to trade policy changes. Consensus indicates a much tougher year globally, regionally and for Thailand as a result of recent events.

## **2 Thailand's Economic Landscape**



# Thailand's Economic Landscape



## GDP:

- Thailand's economy expanded by **3.2% in Q4**, driven by stronger investments, exports, consumption, and high-performing service sectors
- Construction surged by **18.3%**, manufacturing edged up by 0.2%, and the agriculture sector returned to growth at 1.2% after four quarters of contraction.
- The country posted 2.5% growth for 2024 (up from 2.0% in 2023), with 2025 growth forecasted between 2.3–3.3% on the back of private consumption, government spending, exports, and tourism recovery.



## Private Consumption:

- Private consumption grew slightly to **3.4% in Q4**, supported by government cash transfers and improved consumer confidence across most spending categories.



## Trade:

- Exports surged by **10.6% in Q4**—the highest in 11 quarters—driven by electronics and rubber, while imports grew 10.7%, supporting export and consumption activities.
- In 2024, exports and imports expanded by **5.8% and 6.3%** respectively, resulting in a trade surplus of THB 678.2 billion.

# Thailand's Economic Landscape



## Industrial Activity:

- Thailand's manufacturing sector grew slightly by **0.2% in Q4**, marking its third consecutive quarter of growth after years of contraction, supported by strong performance in electronics and apparel; 2024 saw a smaller annual contraction of 0.5% compared to 2.7% in 2023.
- Purchasing Manager's Index (PMI) stayed in expansionary territory through Q4, rising to 51.4 in December, driven by a surge in new orders, but dipped to **49.6 in January 2025** due to weaker output and demand.



## Labour:

- Thailand's unemployment rate **fell to 0.88%** in Q4 from 1.02% in Q3.
- However, university graduates now make up the largest share of the unemployed, highlighting a structural challenge in the job market.



## Inflation:

- Inflation rose to **1.0% in Q4 from 0.6%** in the previous quarter, driven by higher core inflation and energy prices due to low base effects from past subsidies.
- Annual inflation for 2024 stood at **0.4%**, lower than 2023 and 2022 levels, with 2025 inflation projected to remain stable between 0.5% and 1.5%.



# Thailand's Economic Landscape



## Currency:

- The Thai baht depreciated by **5.41% in Q4** after a strong Q3 rally, impacted by rising U.S. tariff concerns and dollar strength.
- Although the baht rebounded by **2.13% in early 2025**, it is expected to weaken further, reaching 35.50 THB/USD by year-end.



## Policy Rate:

- In Q4 2024, the Bank of Thailand cut its policy rate by **25 basis points to 2.25%**, its first rate cut in over four years, aiming to ease debt burdens and stimulate economic growth.
- The policy rate was further reduced to **2.0% in February 2025** to support continued economic recovery.



## Capital Inflows:

- Thailand recorded **US \$8.51 billion** in FDI in Q4, up from US \$6.58 billion in Q3, a 25.5% increase from 2023.
- Key FDI drivers in 2024 included E&E manufacturing, digital industry, and machinery and vehicles manufacturing, which together accounted **for 70.6% of total inflows**.

# Real GDP growth rate vs previous period, %

Southeast Asian economies held up in the fourth quarter of 2024, with a stronger economic performance overall in the year.

Real GDP growth rate vs previous period, %



Source: Countries' national statistics offices; Oxford Economics

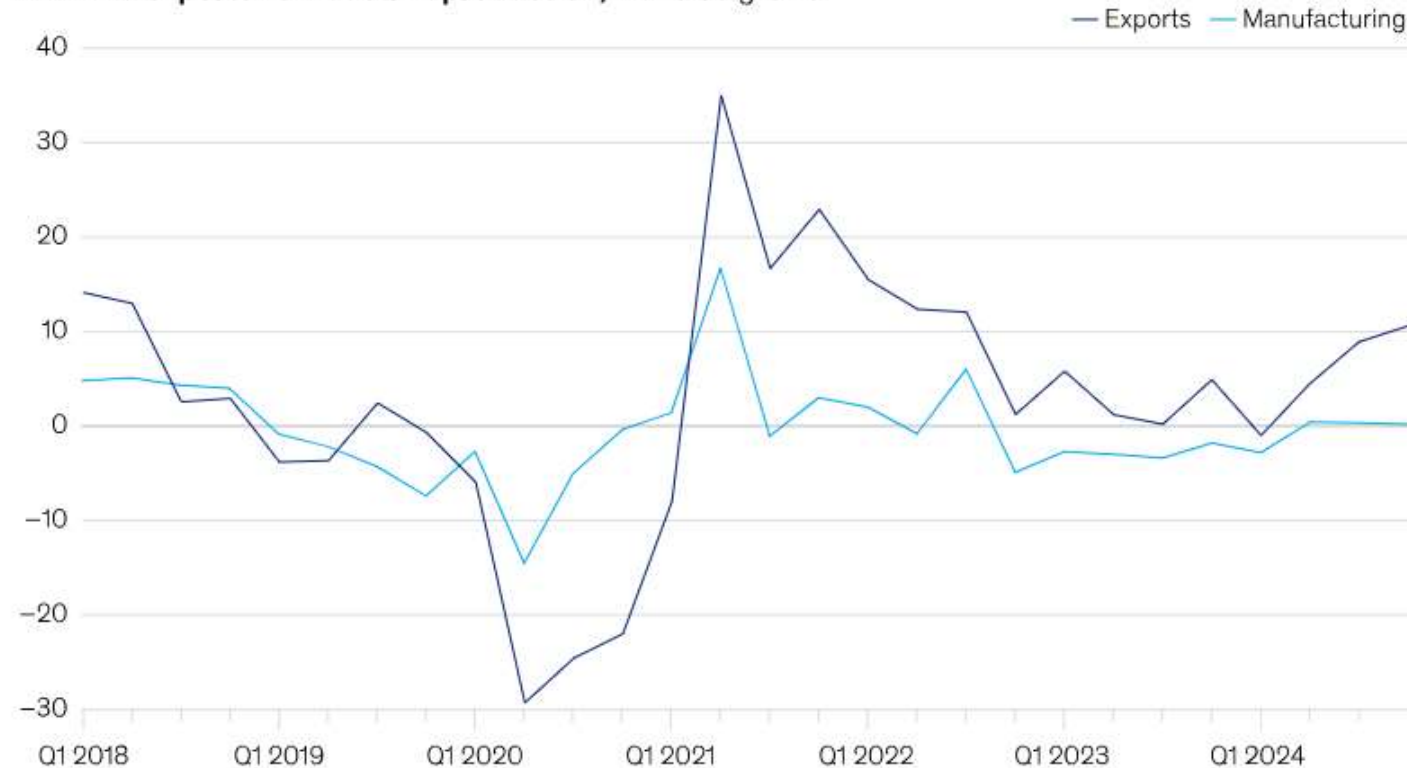
McKinsey & Company

# Thailand exports vs industrial production



Exports picked up pace in line with Thailand's growth in the fourth quarter, with production levels holding up.

Thailand exports vs industrial production,<sup>1</sup> % value growth



<sup>1</sup>Year-on-year change, quarterly, through Q4 2024.  
Source: Countries' national statistics offices; Oxford Economics

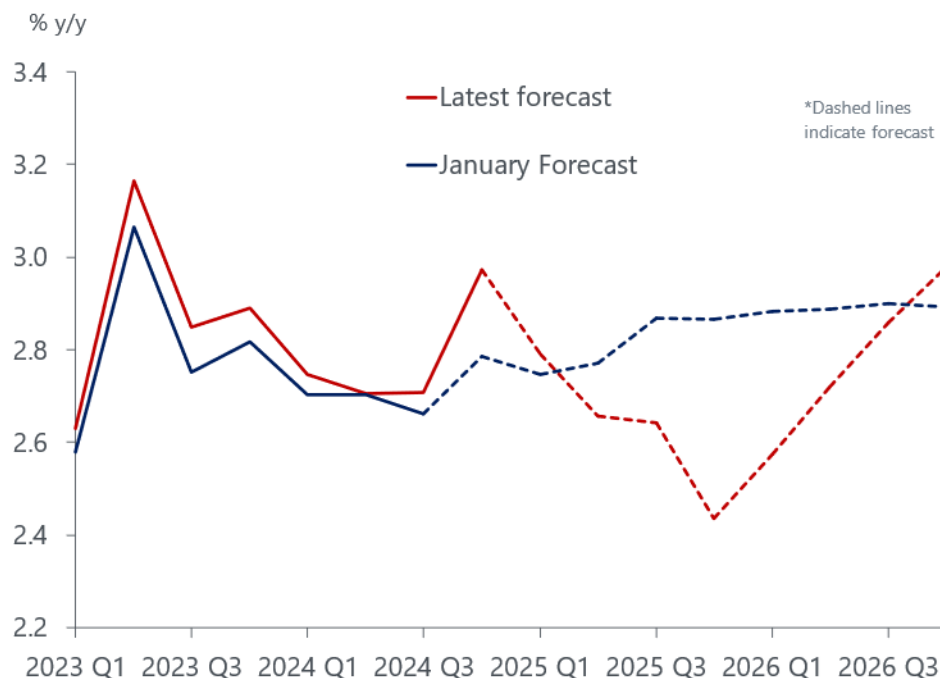
McKinsey & Company

## Key Finding

- Thailand's economy grew by **3.2% in Q4**, marking a third consecutive quarter of accelerating growth, driven by strong investments, exports, and consumption, with stable industrial production and a resilient labor market despite rising inflation.
- Full-year growth came in at **2.5 percent**, higher than **2.0 percent** growth in 2023, with 2025 growth currently forecast to fall within the range of **2.3 to 3.3 percent but this is under pressure.**

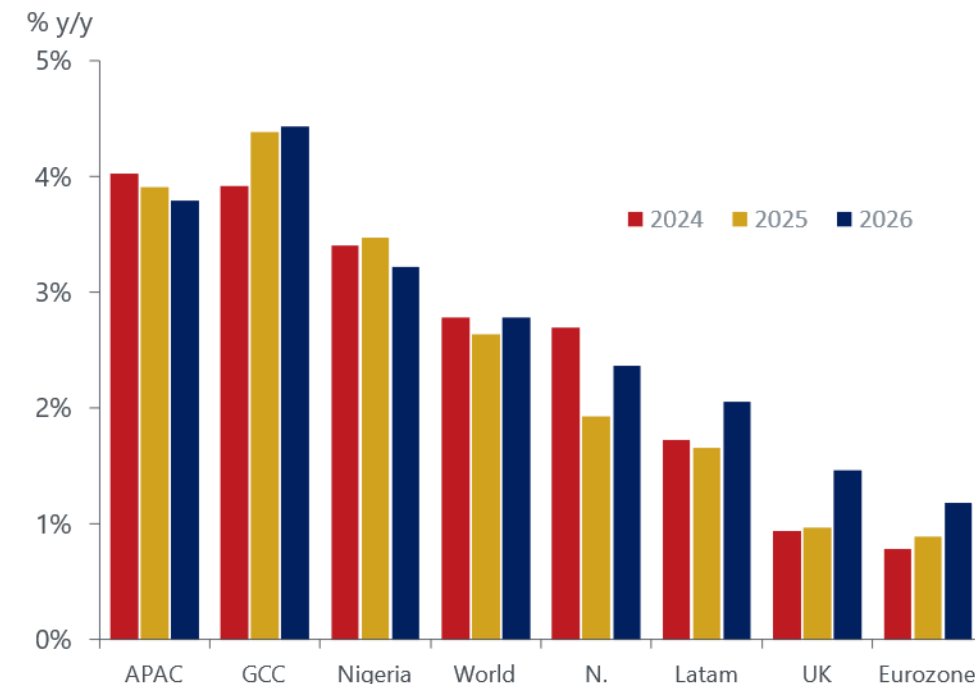
# The global economy ended 2024 on a strong footing. Tariffs talks and decisions during the Q1 period have weight on growth prospects

Global: Real GDP growth



Source: Oxford Economics/Haver Analytics

Real GDP\* growth

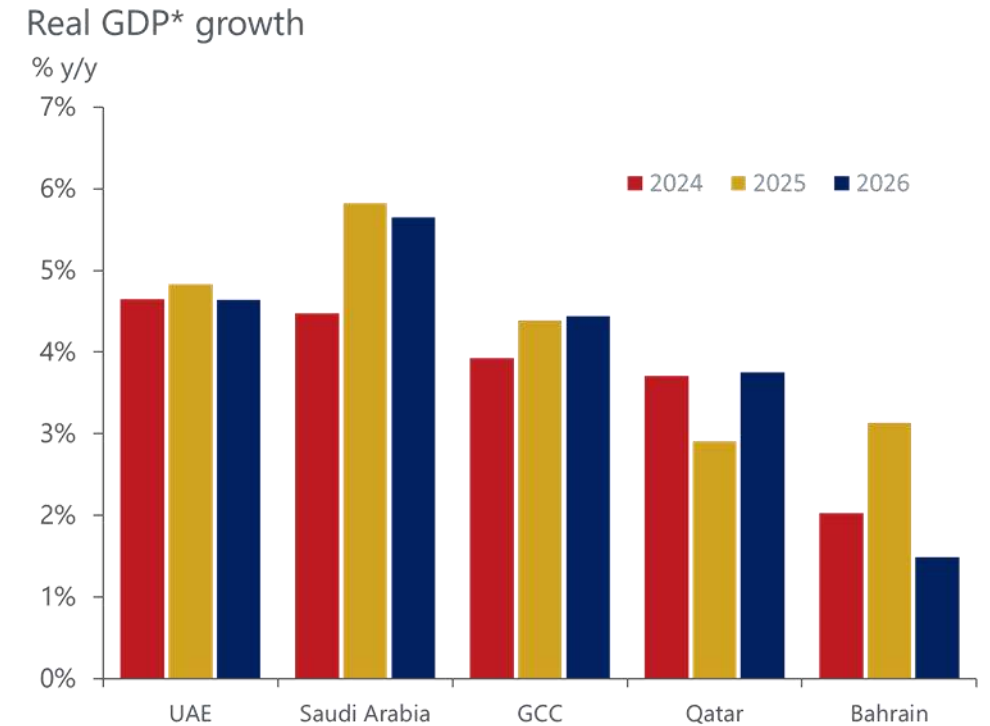
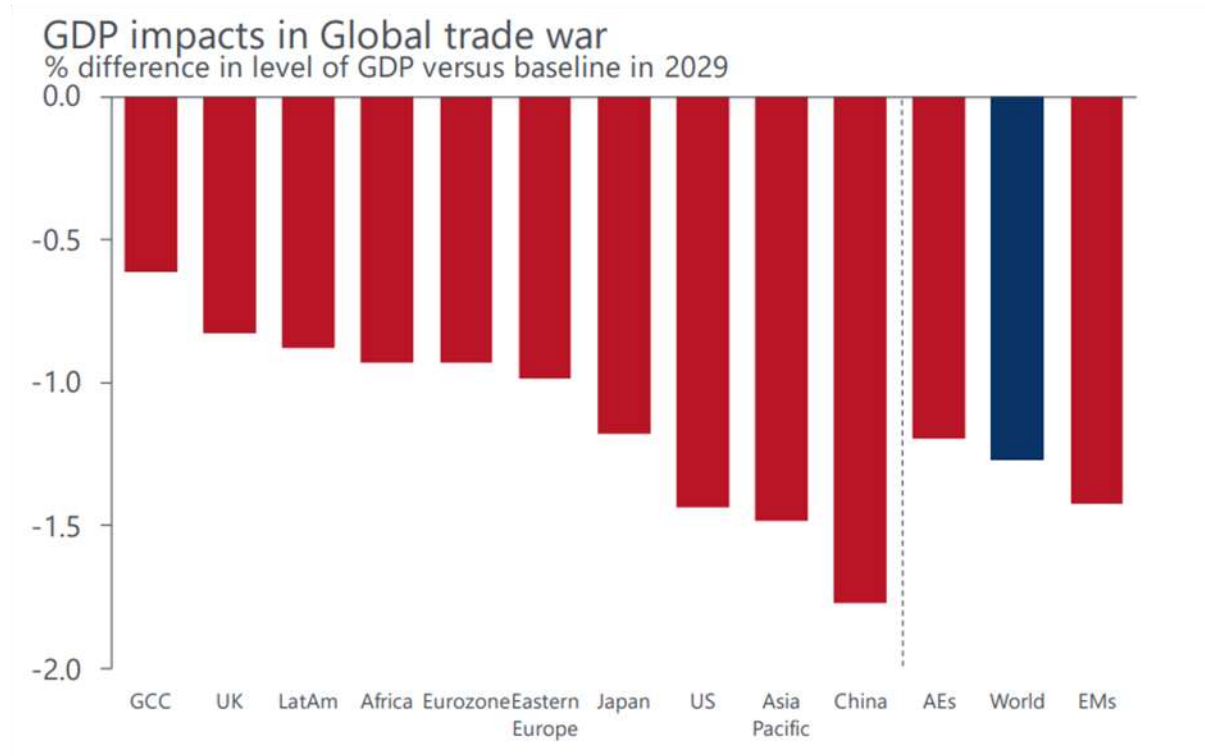


Source: Oxford Economics/Haver Analytics

\*GCC displaying figures for non-oil GDP

Note: All data and forecasts displayed are from Oxford Economics' March baseline forecast and thus do not incorporate US tariffs announced on 2<sup>nd</sup> April 2025

# Early forecast has highlighted that APAC and the US would be among the worst-affected in a global trade war, while the GCC would see smaller impacts



Source: Oxford Economics/Haver Analytics

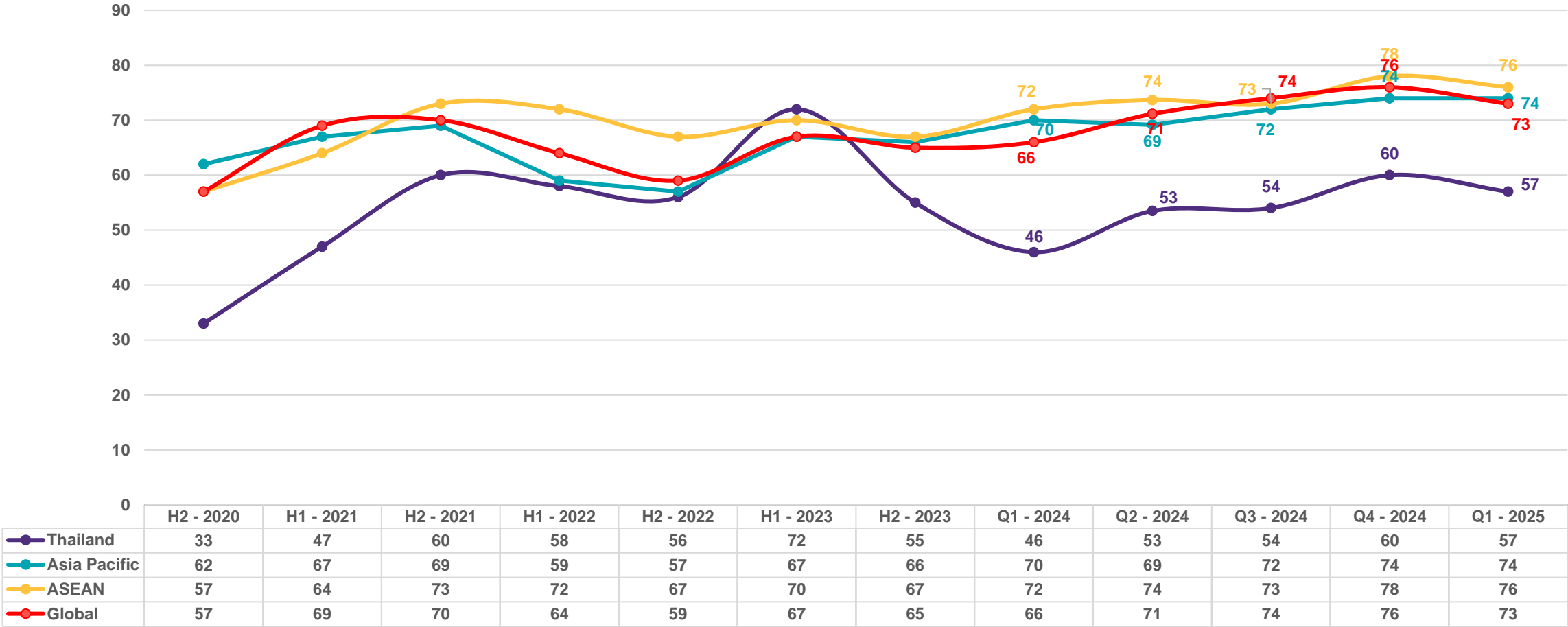
\* non-oil GDP

# **3 Business Conditions**



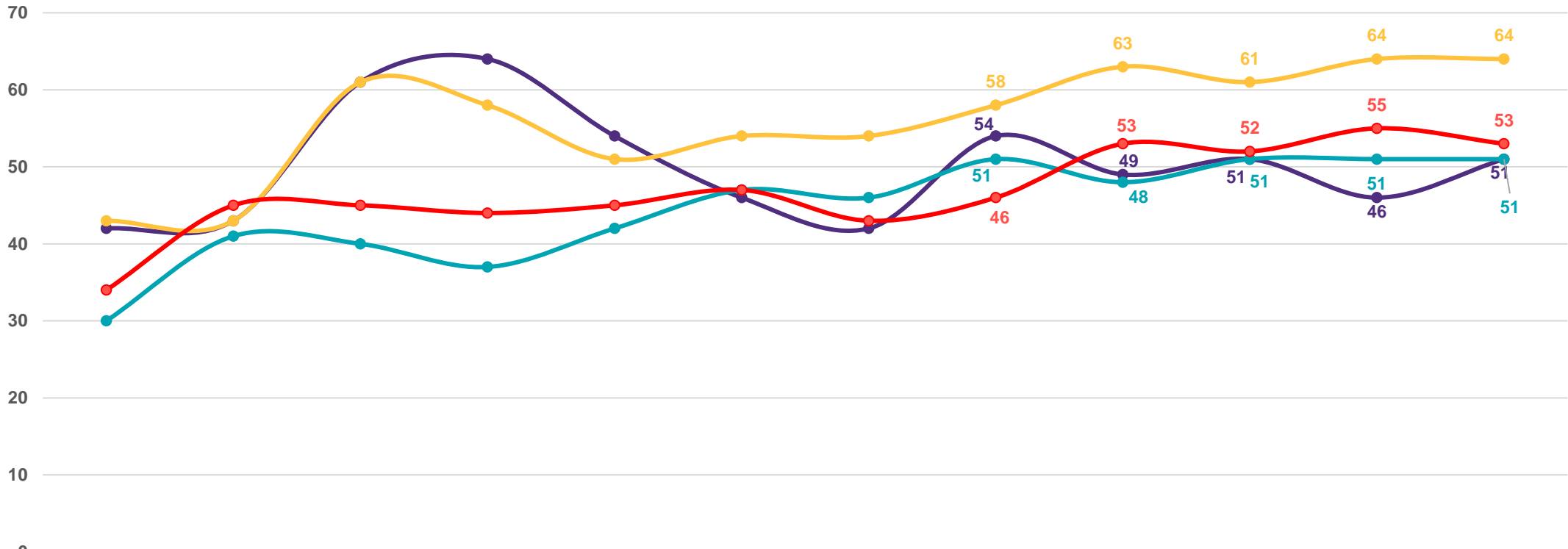
# Optimism

% of businesses expecting an increase over the next 12 months



# Exports

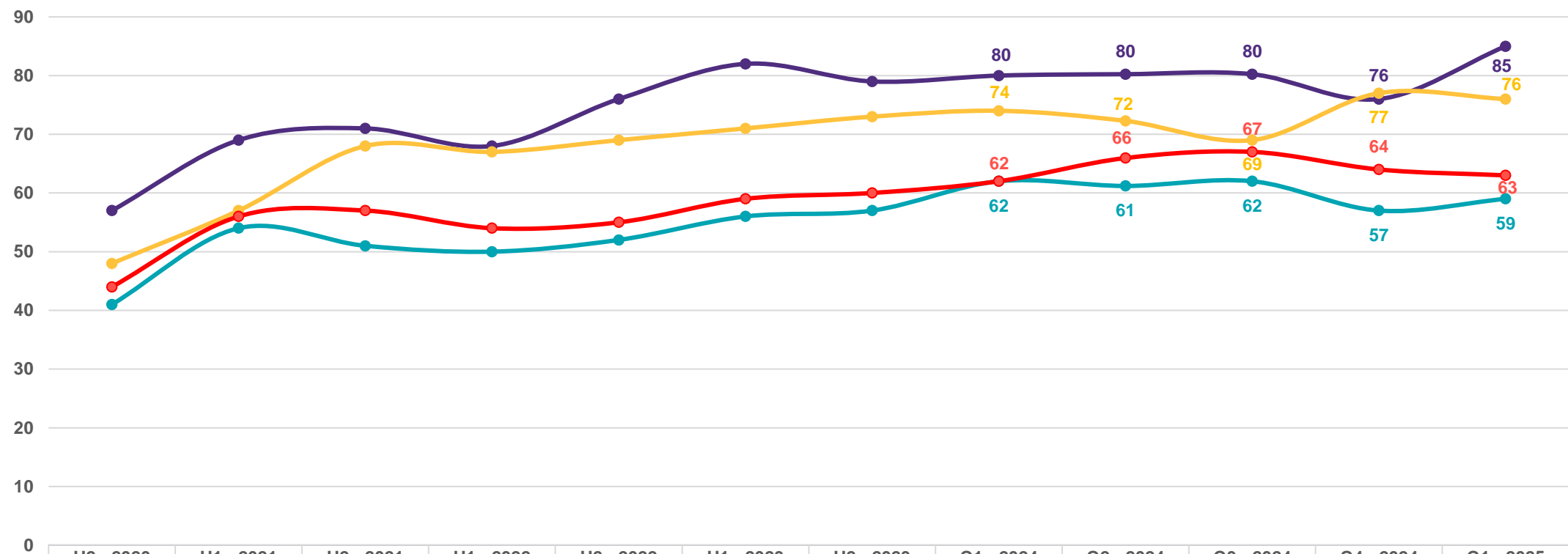
% of businesses expecting an increase over the next 12 months



	H2 - 2020	H1 - 2021	H2 - 2021	H1 - 2022	H2 - 2022	H1 - 2023	H2 - 2023	Q1 - 2024	Q2 - 2024	Q3 - 2024	Q4 - 2024	Q1 - 2025	
Thailand	42	43	61	64	54	46	42	54	49	51	46	51	↑
Asia Pacific	30	41	40	37	42	47	46	51	48	51	51	51	=
ASEAN	43	43	61	58	51	54	54	58	63	61	64	64	=
Global	34	45	45	44	45	47	43	46	53	52	55	53	↓

# Profitability

% of businesses expecting an increase over the next 12 months

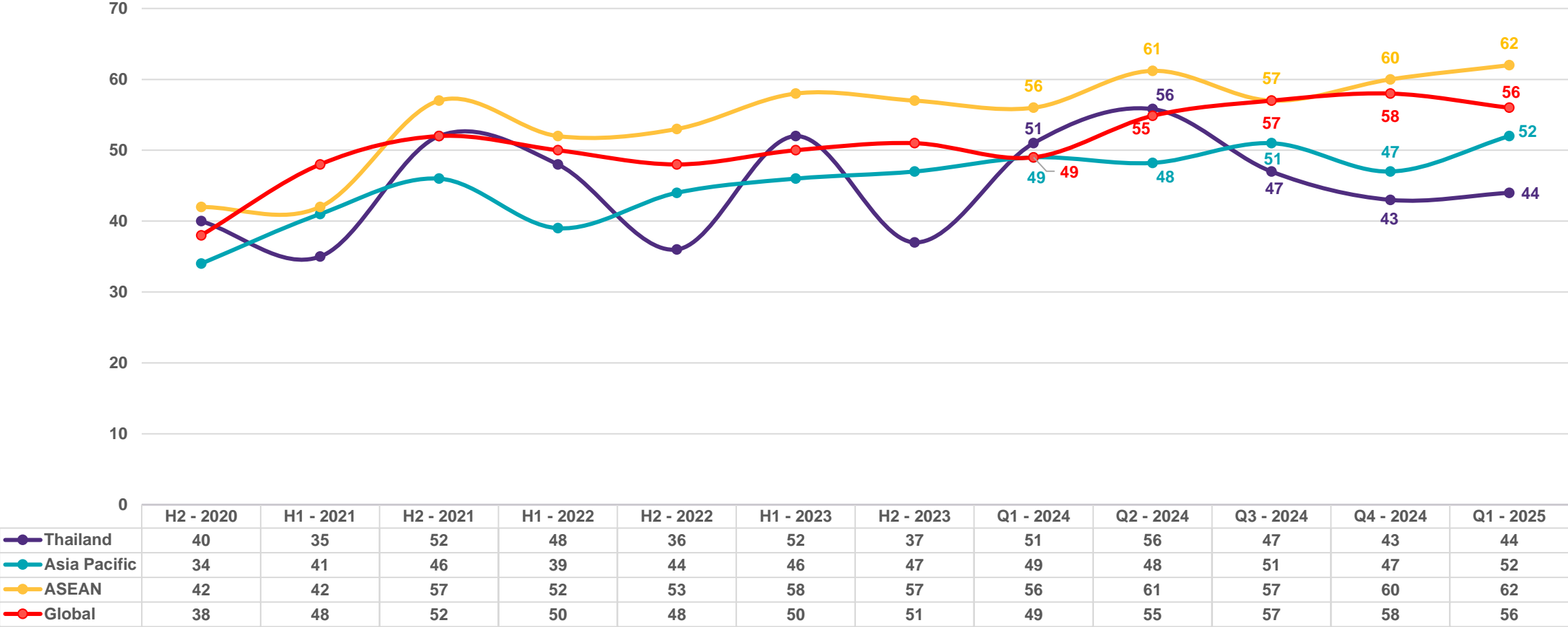


	H2 - 2020	H1 - 2021	H2 - 2021	H1 - 2022	H2 - 2022	H1 - 2023	H2 - 2023	Q1 - 2024	Q2 - 2024	Q3 - 2024	Q4 - 2024	Q1 - 2025
Thailand	57	69	71	68	76	82	79	80	80	80	76	85
Asia Pacific	41	54	51	50	52	56	57	62	61	62	57	59
ASEAN	48	57	68	67	69	71	73	74	72	69	77	76
Global	44	56	57	54	55	59	60	62	66	67	64	63



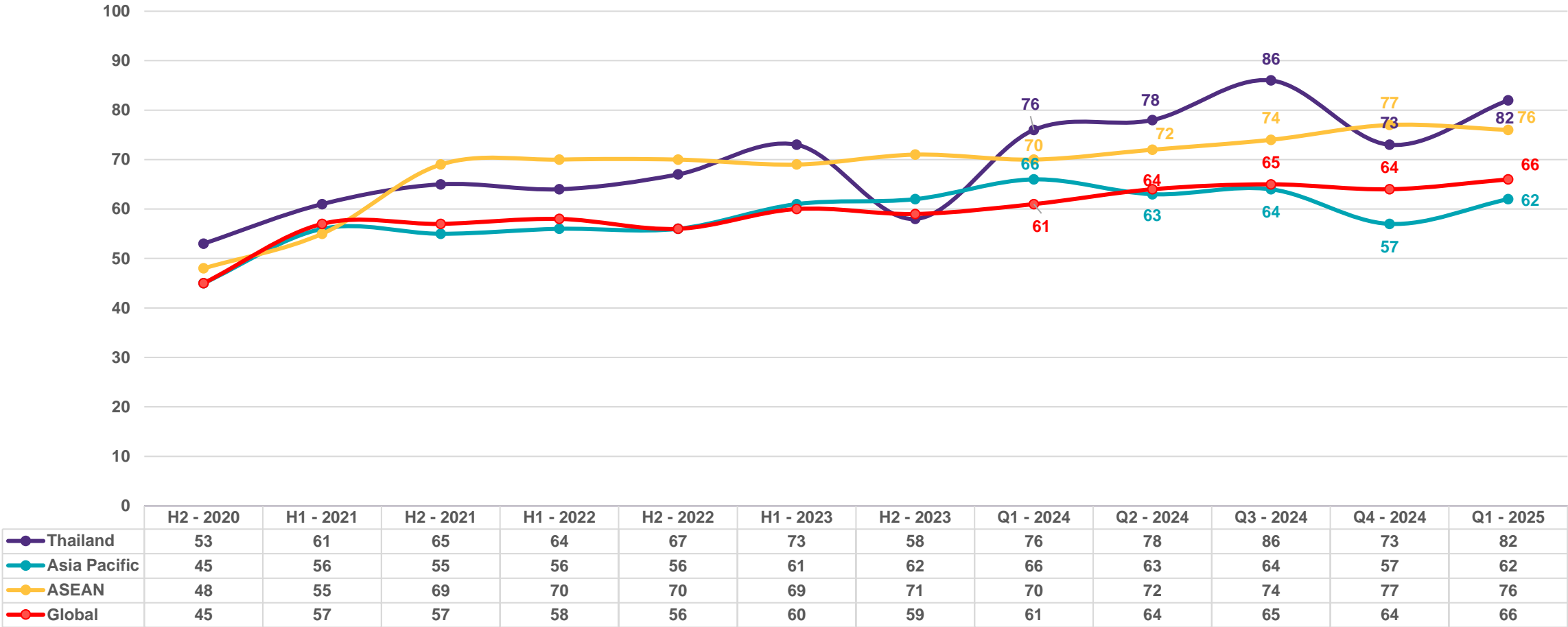
# Employment

% of businesses expecting an increase over the next 12 months



# Revenues

% of businesses expecting an increase over the next 12 months

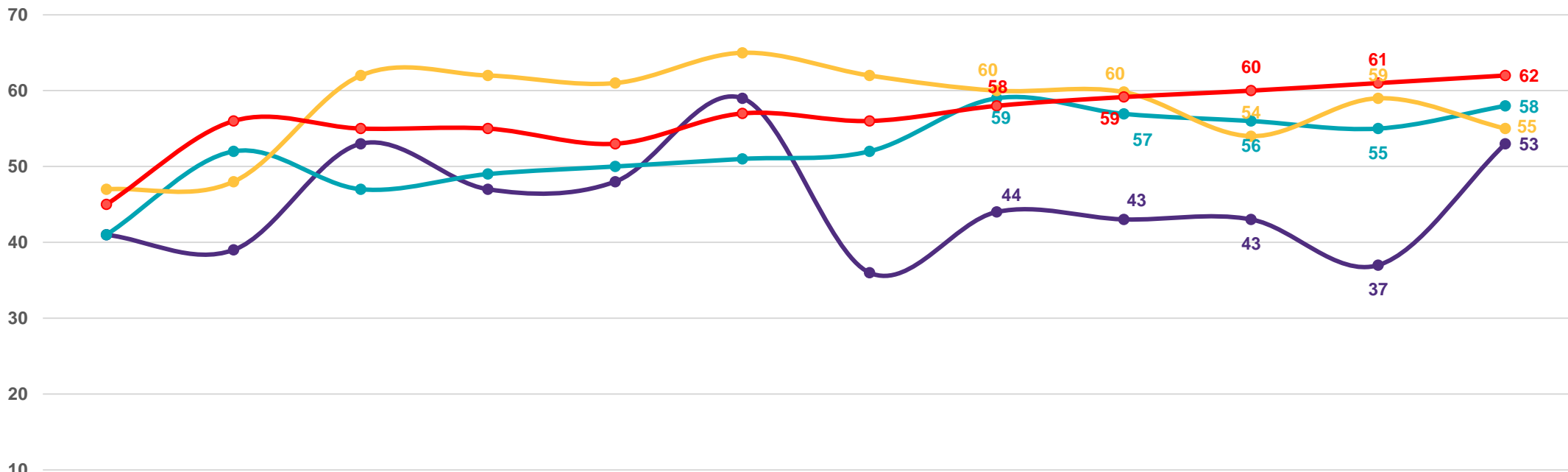


# 4 Future Investment Intentions



# Investment in People

% of businesses expecting an increase over the next 12 months

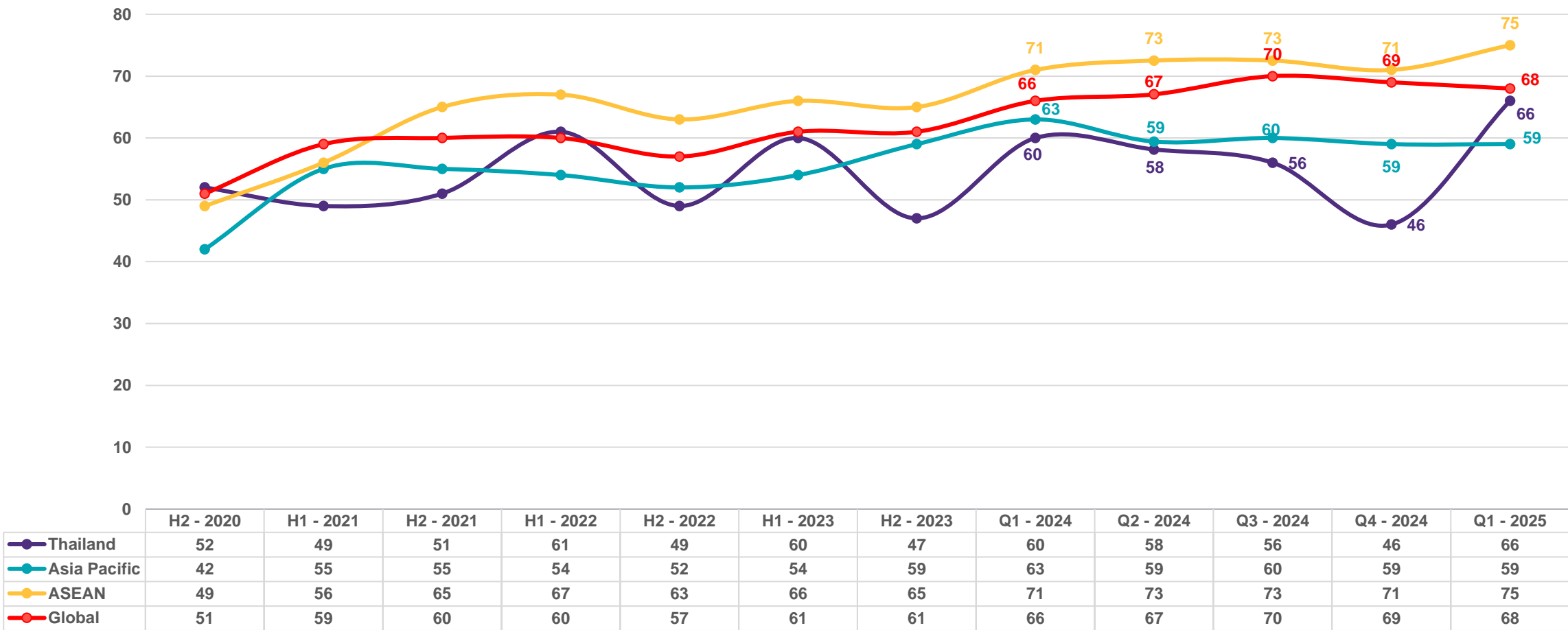
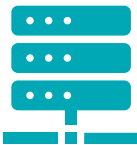


	H2 - 2020	H1 - 2021	H2 - 2021	H1 - 2022	H2 - 2022	H1 - 2023	H2 - 2023	Q1 - 2024	Q2 - 2024	Q3 - 2024	Q4 - 2024	Q1 - 2025
Thailand	41	39	53	47	48	59	36	44	43	43	37	53
Asia Pacific	41	52	47	49	50	51	52	59	57	56	55	58
ASEAN	47	48	62	62	61	65	62	60	60	54	59	55
Global	45	56	55	55	53	57	56	58	59	60	61	62



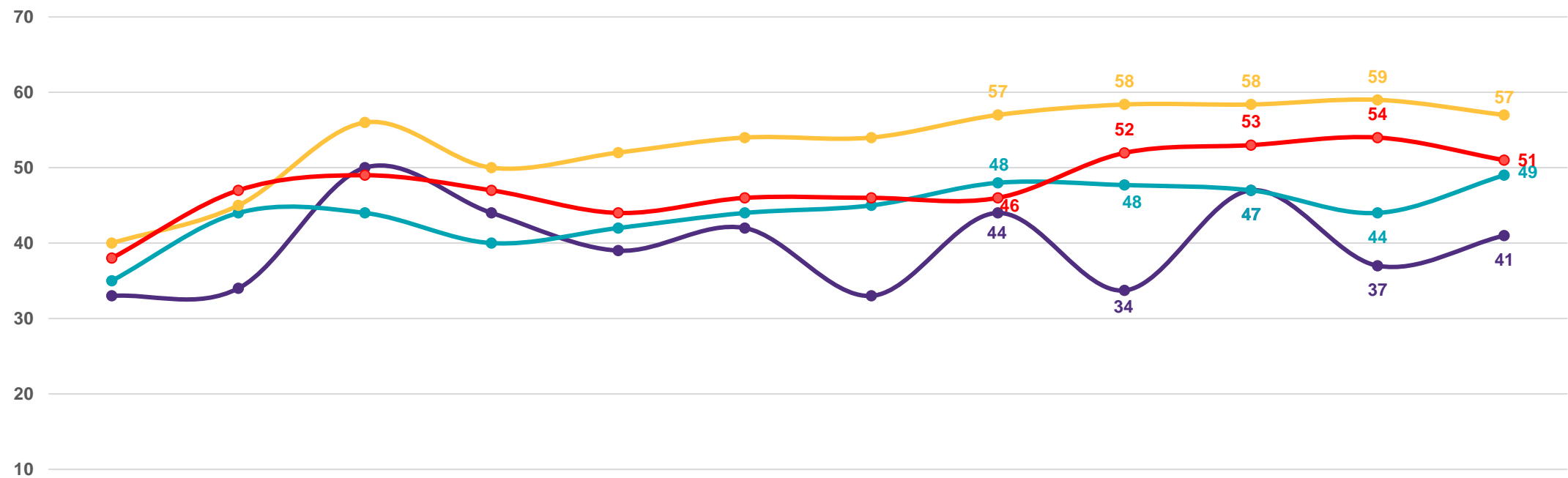
# Investment in Technology

% of businesses expecting an increase over the next 12 months



# Investment in Plant & Machinery

% of businesses expecting an increase over the next 12 months

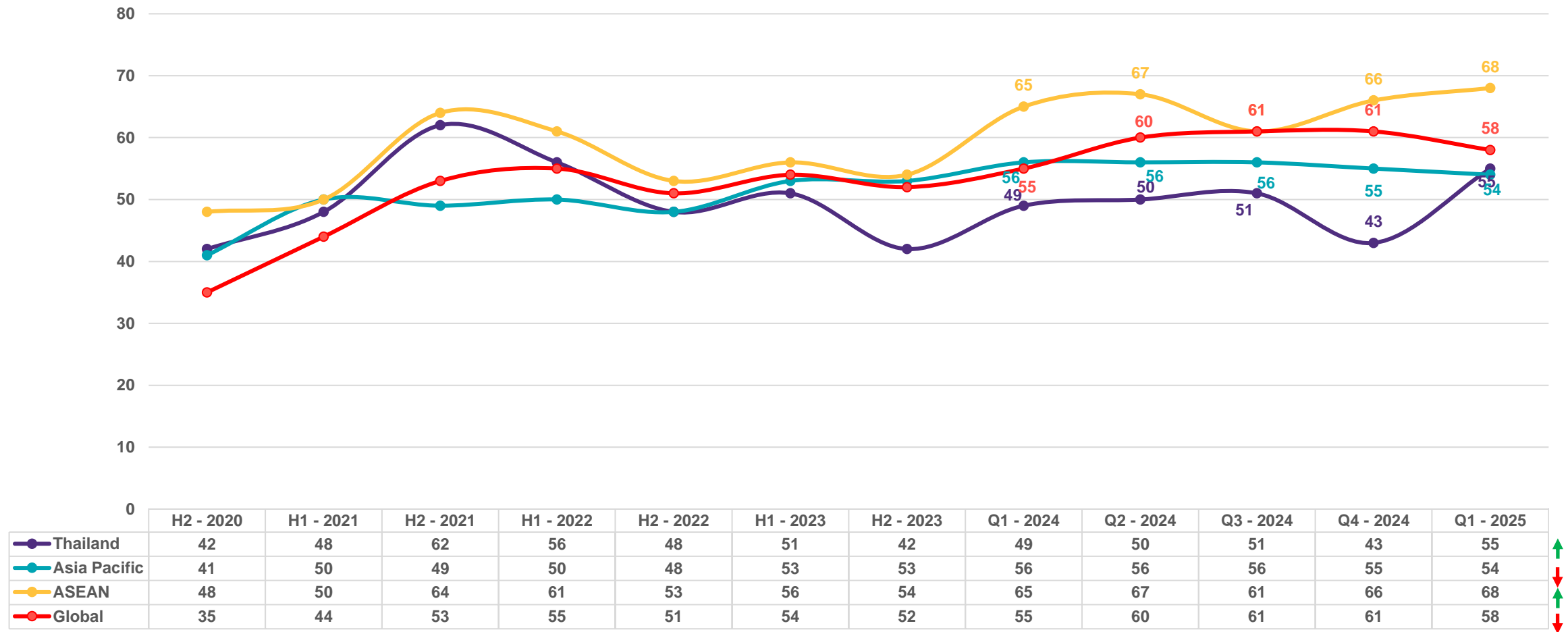


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Thailand	33	34	50	44	39	42	33	44	34	47	37	41
Asia Pacific	35	44	44	40	42	44	45	48	48	47	44	49
ASEAN	40	45	56	50	52	54	54	57	58	58	59	57
Global	38	47	49	47	44	46	46	46	52	53	54	51



# R&D

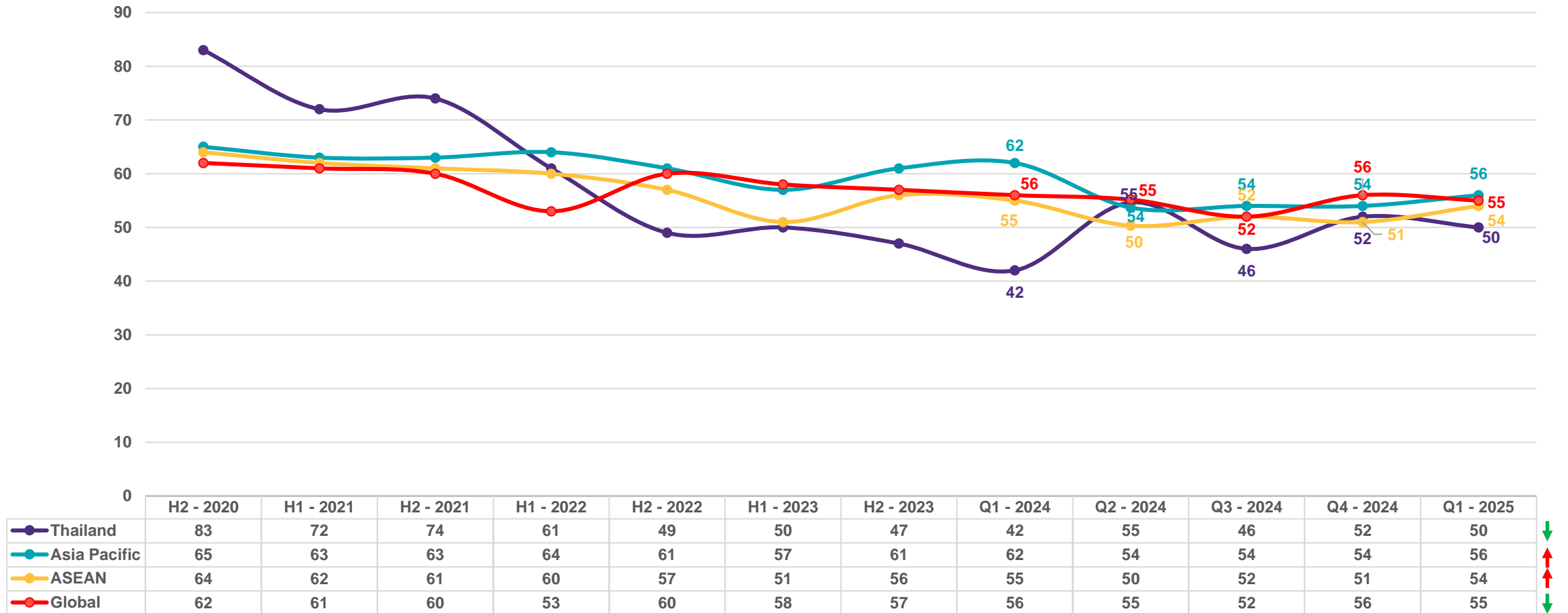
## % of Future business investment intentions



# **5 Constraints to Business Growth**

# Economic Uncertainty

% answering 4 to 5 on a 1-5 scale where 5 is a major constraint

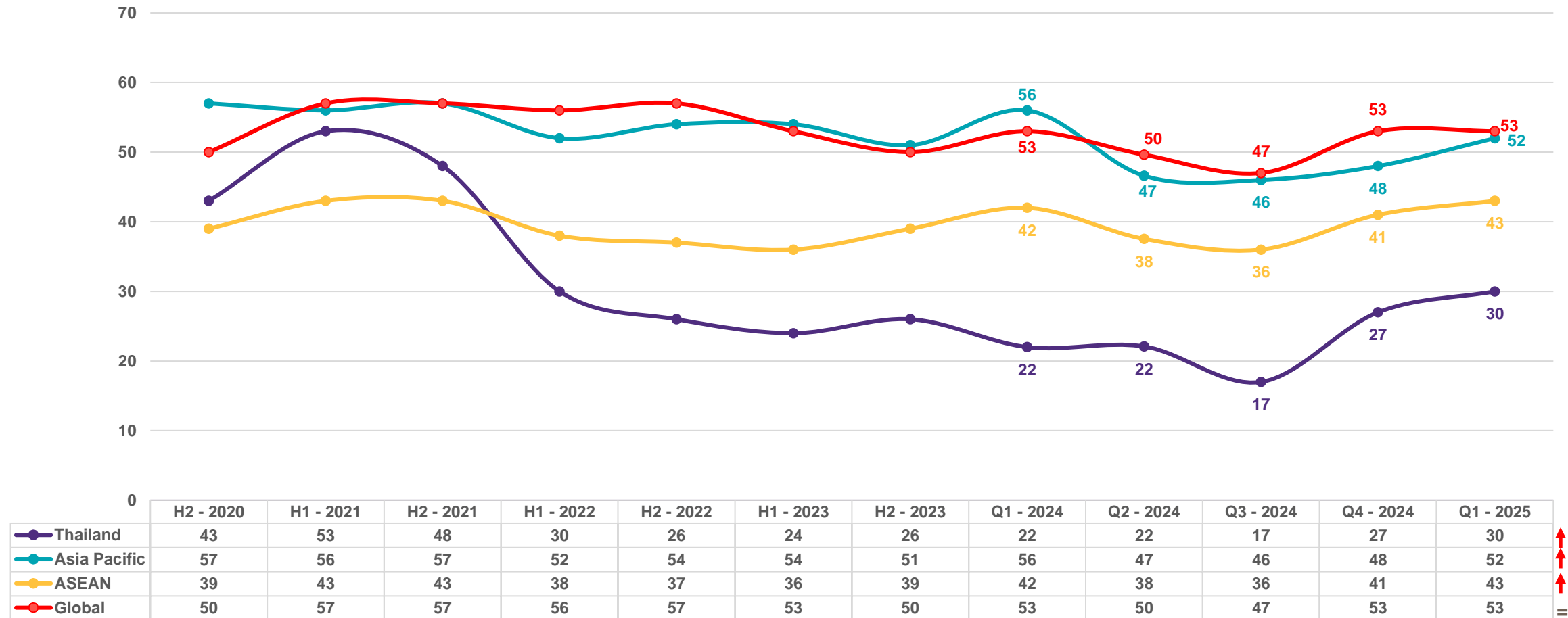




\*The lower the figure the better

# Availability of Skilled Workforce

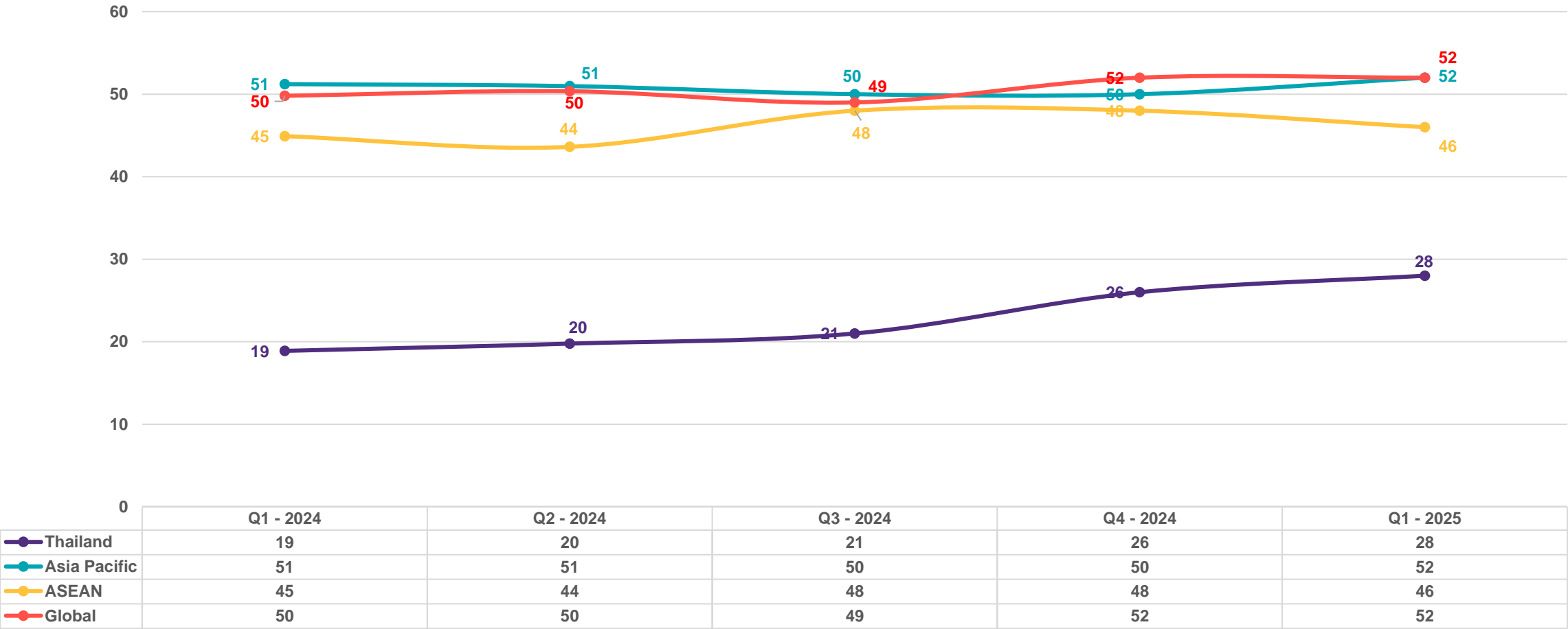
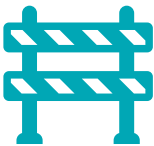
% answering 4 to 5 on a 1-5 scale where 5 is a major constraint



\*The lower the figure the better

# Cyber Security / Digital Risk\*

% answering 4 to 5 on a 1-5 scale where 5 is a major constraint

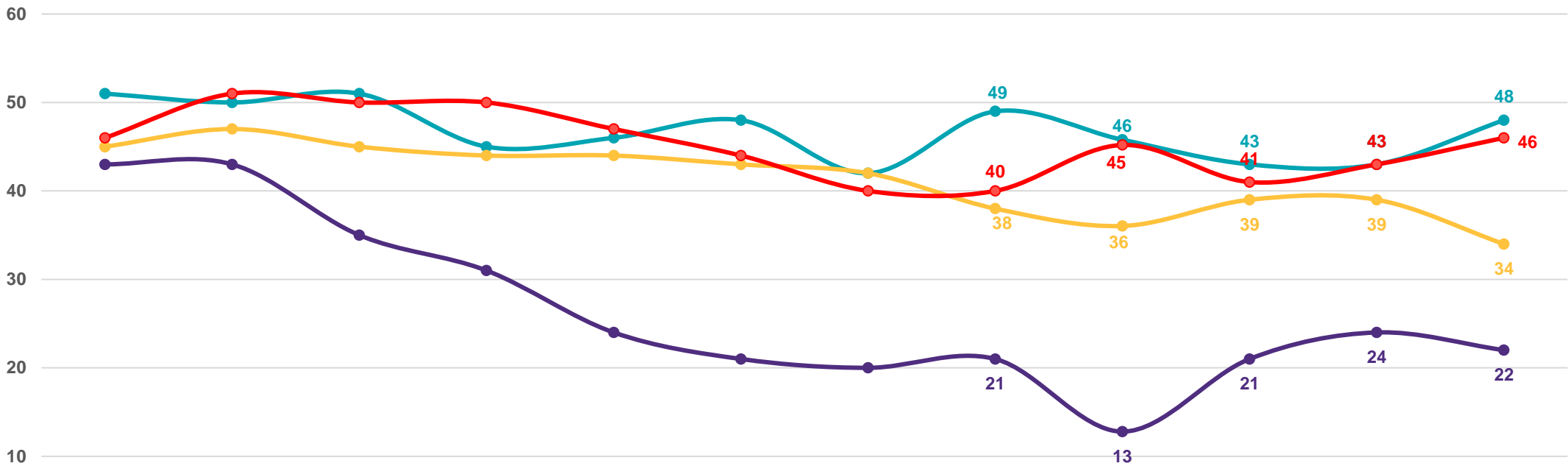


\*Cyber Security / Digital Risk was introduced as a new indicator in Q1 2024

\*The lower the figure the better

# Finance Shortage

% answering 4 to 5 on a 1-5 scale where 5 is a major constraint

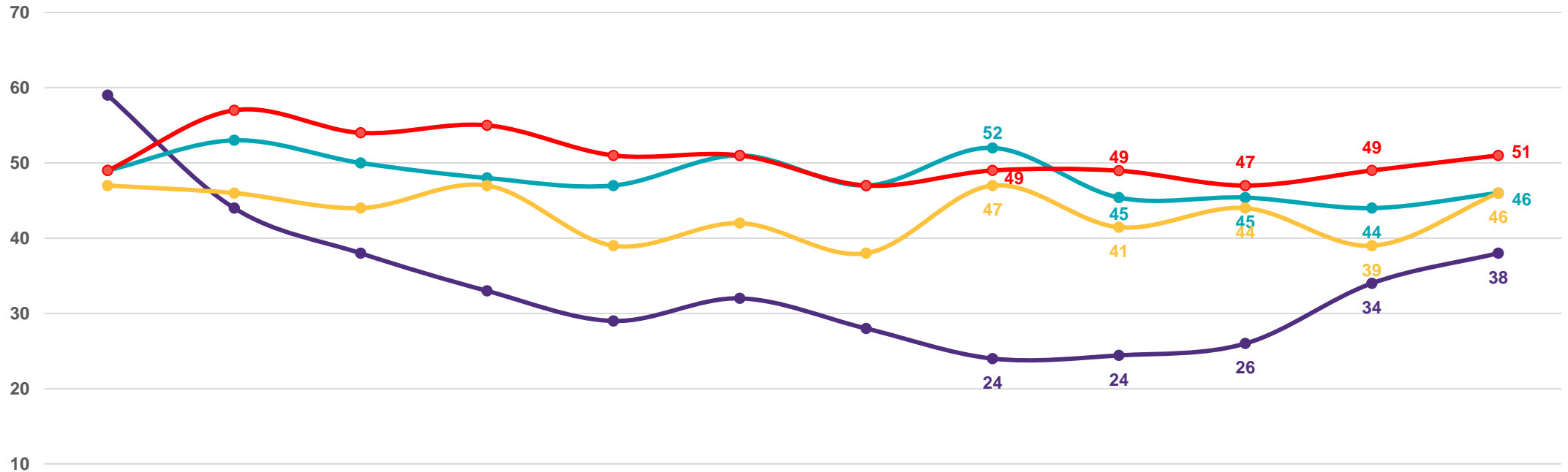
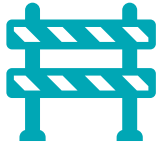


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Thailand	43	43	35	31	24	21	20	21	13	21	24	22
Asia Pacific	51	50	51	45	46	48	42	49	46	43	43	48
ASEAN	45	47	45	44	44	43	42	38	36	39	39	34
Global	46	51	50	50	47	44	40	40	45	41	43	46



# Regulation & Red Tape

% answering 4 to 5 on a 1-5 scale where 5 is a major constraint



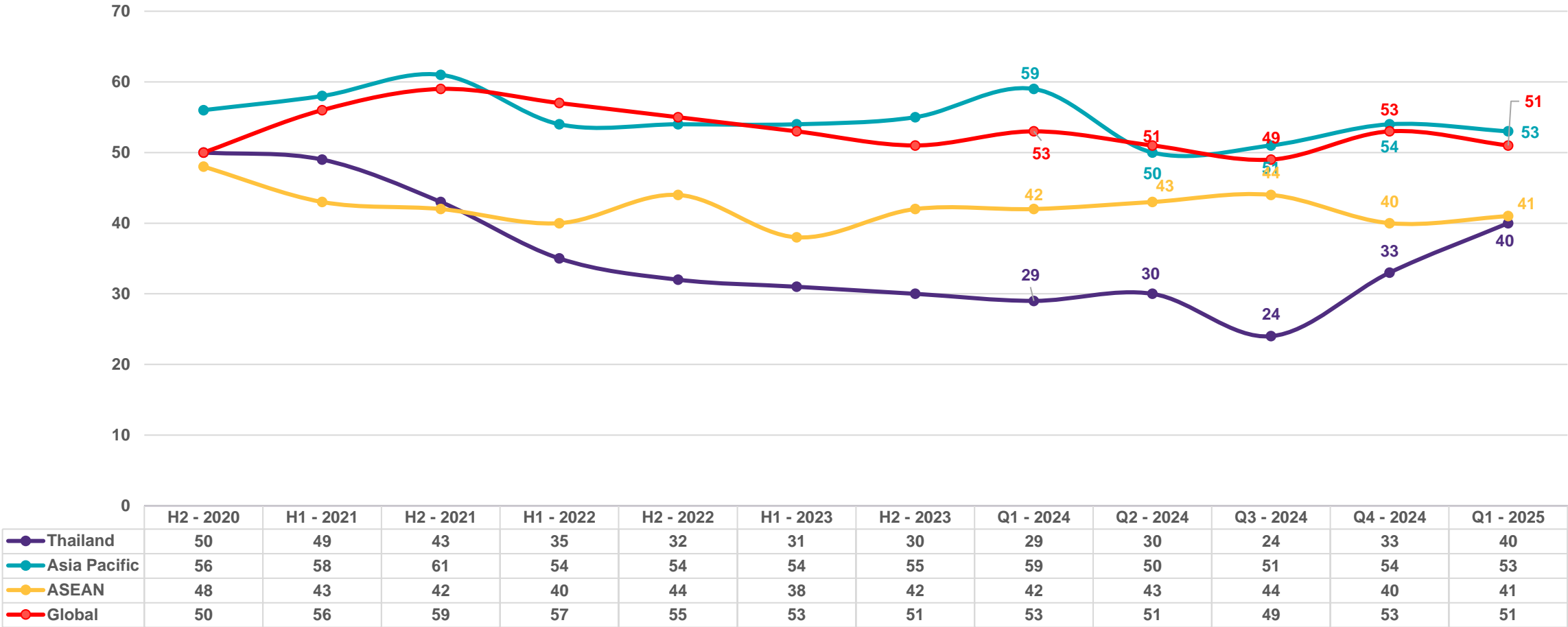
	H2 - 2020	H1 - 2021	H2 - 2021	H1 - 2022	H2 - 2022	H1 - 2023	H2 - 2023	Q1 - 2024	Q2 - 2024	Q3 - 2024	Q4 - 2024	Q1 - 2025
Thailand	59	44	38	33	29	32	28	24	24	26	34	38
Asia Pacific	49	53	50	48	47	51	47	52	45	45	44	46
ASEAN	47	46	44	47	39	42	38	47	41	44	39	46
Global	49	57	54	55	51	51	47	49	49	47	49	51



\*The lower the figure the better

# Labour costs

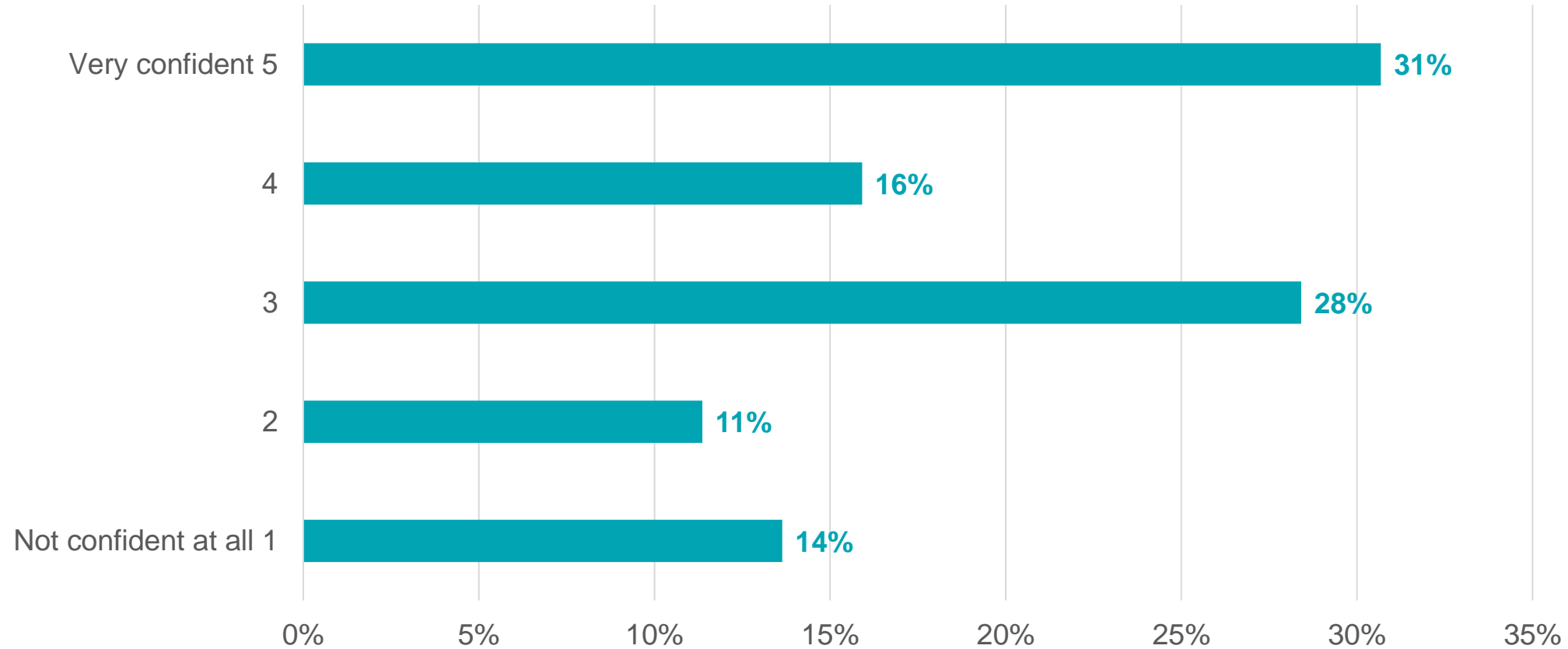
% answering 4 to 5 on a 1-5 scale where 5 is a major constraint



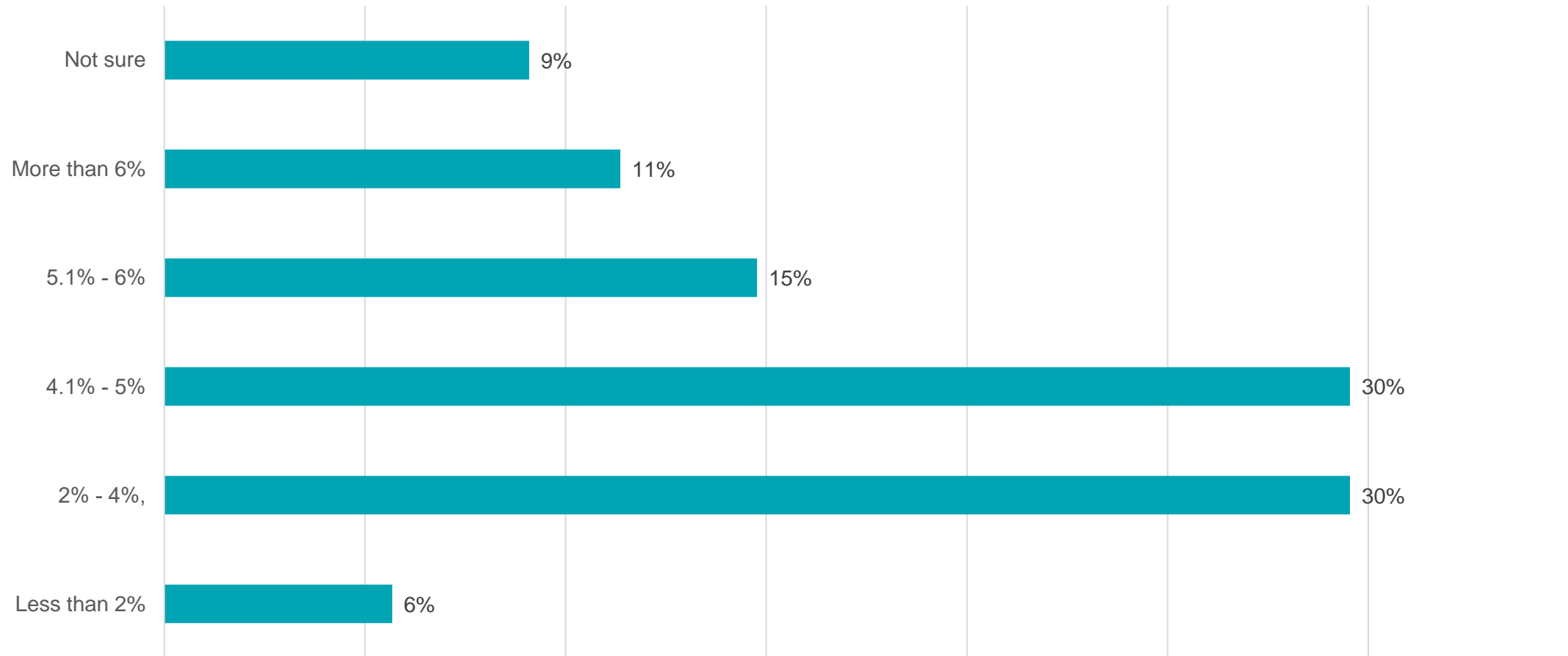
# 6 Country-specific Questions



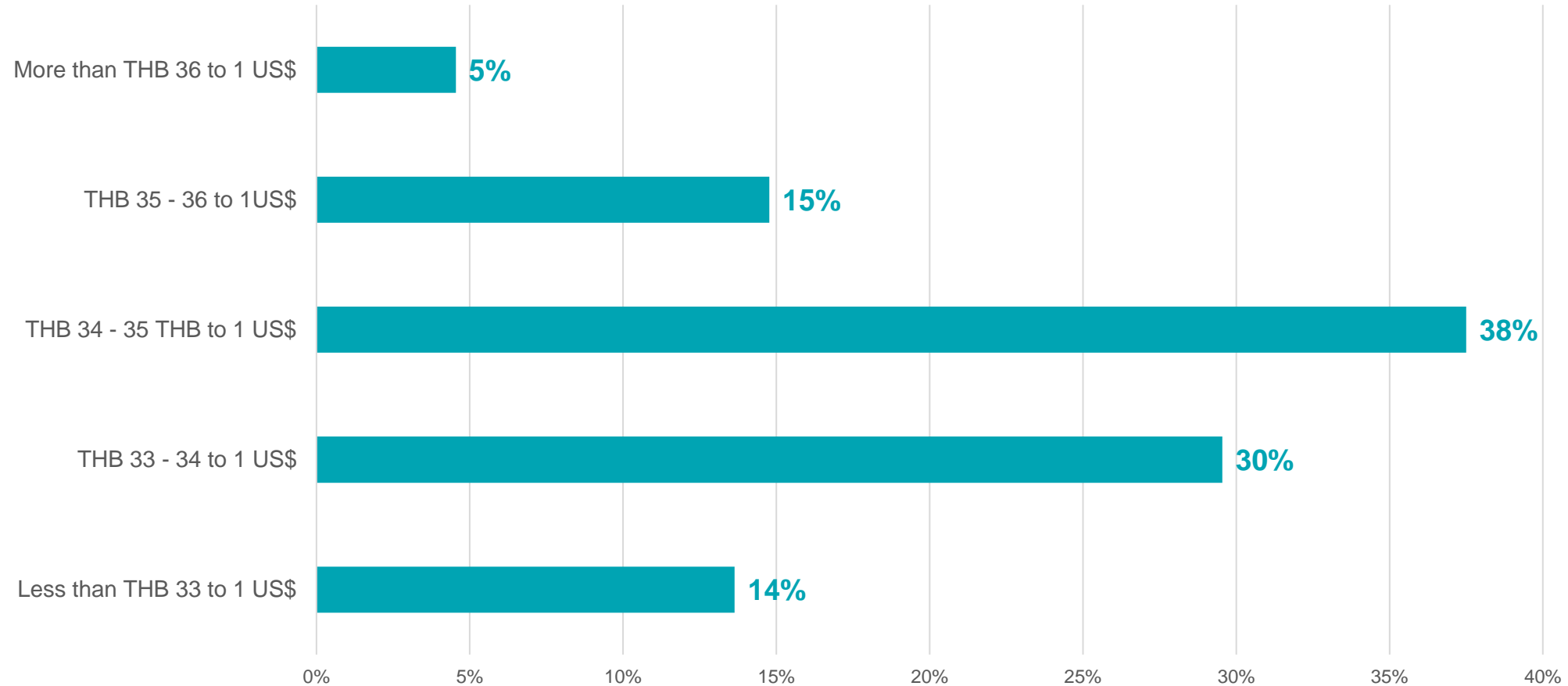
# TQ1: How confident are you that the Thai economy will improve in 2025?



## TQ2: By how much do you expect the average salary in Thailand to increase in 2025?



# TQ3: How strong should the Thai Baht be against the US \$?



# Future Points to Consider

The Trump effect

Global economy

The Chinese economy

Thai debt-household and corporate

Productivity / Artificial Intelligence (ai)



# Q&A

# 10 What is the IBR?

# International Business Report (IBR)

## What is the IBR?



The Grant Thornton International Business Report (IBR) is a **survey of mid-market businesses**. Launched in 1992, the IBR provides insight into the overall **sentiment** of around **3,805 C-Suite-Level Leaders across 31 economies** by assessing business leaders' views and expectations.



Questionnaires are translated into local languages and fieldwork is undertaken quarterly, through **both online and telephone interviews**. The data for this release is from interviews conducted between **27 January – 3 March 2025** with chief executive officers, managing directors, chairpersons, or other senior executives from all industry sectors.

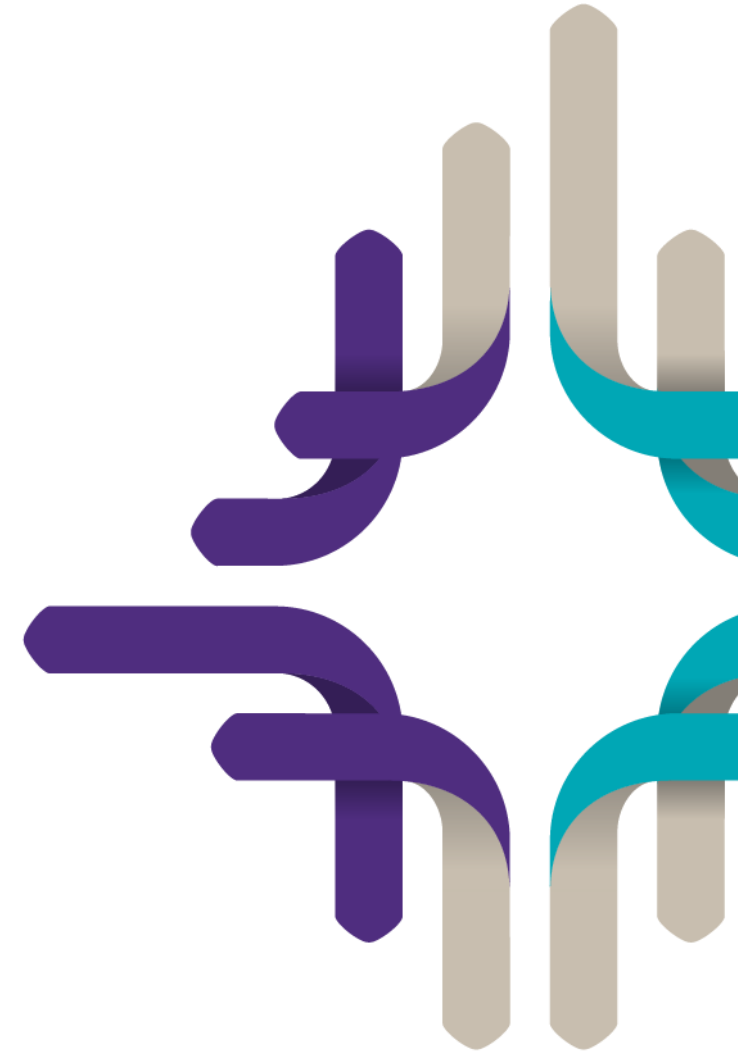


The latest wave of IBR research took place from **27 January – 3 March 2025**. This data relates to the first quarter of the year and should be referred to as 'Q1 2025'. **88 mid-market business leaders in Thailand** were interviewed during this wave of research.

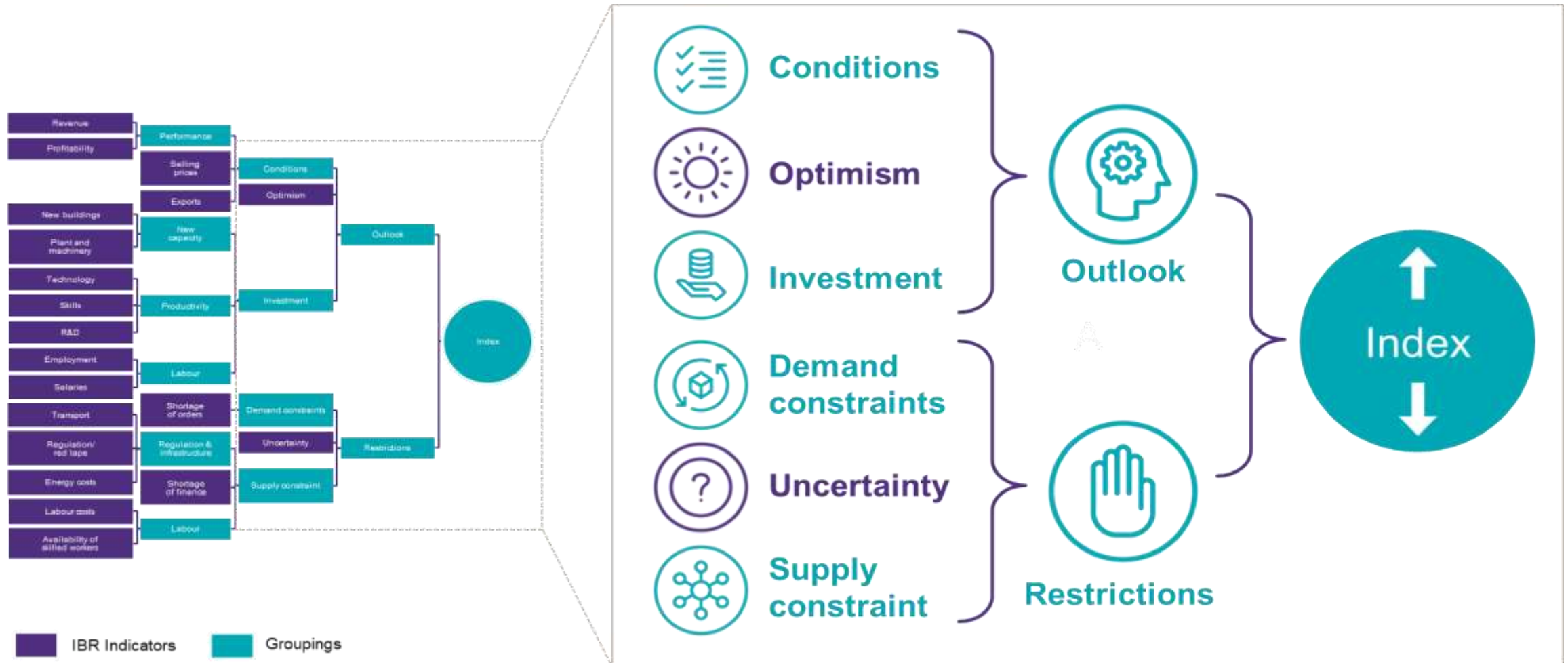


**Oxford Economics**, a provider of global economic forecasting and quantitative analysis, supports Grant Thornton International Ltd. in analysing and interpreting the results from the IBR after each round of research. They also developed our unique index into mid-market health that was launched in 1992. Among other things, the work on the index involved analysing the indicators, developing the underlying model and calculating the weightings and scores, and testing the correlation between the index and other macroeconomic indicators

Source: Grant Thornton, Oxford Economics



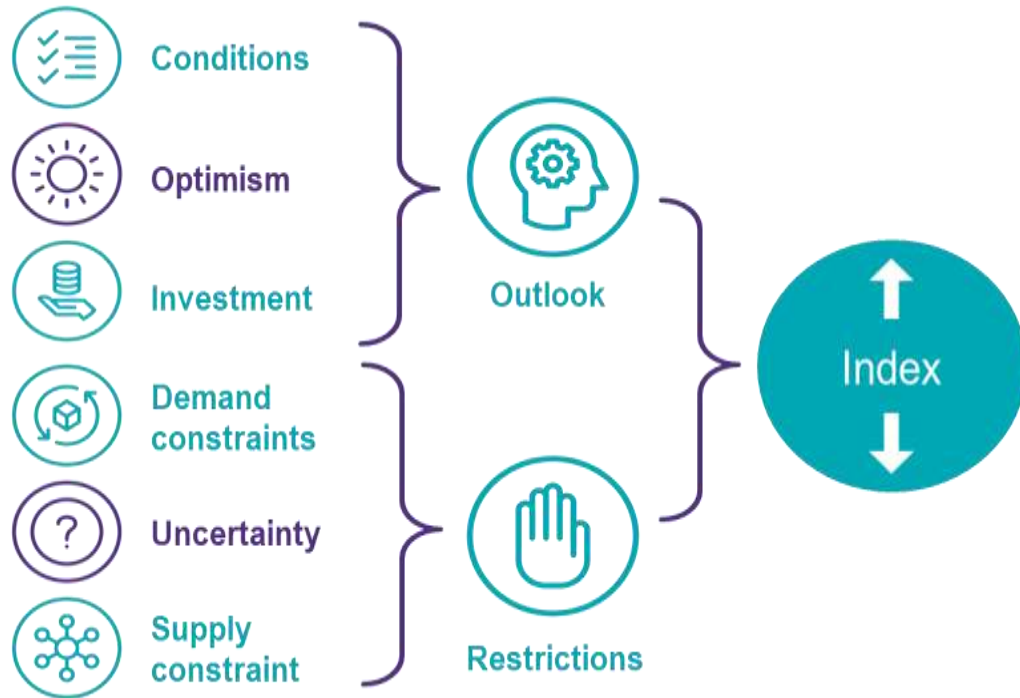
# The IBR Index: Indicators, Elements of Health





# How the Index Scoring Works

## What is the IBR?



Grant Thornton's Global business pulse is a single figure calculated from an underlying model consisting of 20 forward-looking indicators. The index is calculated every six months and can be compared across time and across different geographies and sectors, to assess the relative health of mid-market firms. The higher the score, the healthier the mid-market, and the greater likelihood of growth.

### Outlook:

This sub-index shows the outlook for mid-market businesses and consists of 10 indicators covering future business conditions (including growth), economic optimism, and future investment intentions. **These indicators are scored positively and result in a score for this sub-index of between 0 and 100**

### Restrictions:

This sub-index shows the extent of restrictions to mid-market growth and consists of 10 indicators covering demand and supply constraints and economic uncertainty. **These indicators are scored negatively and generate a score for this sub-index of between 0 and -100.**

The final index value is the weighted sum of these two sub-indices and ranges from -50 to +50

- **+50** would represent perfect health with no restrictions, an ideal outlook and the likelihood of high growth in the future
- **-50** would represent dire health, with crushing restrictions, an appalling outlook and the likelihood of decline in the future

# Thailand's Sample Size: Deep dive into the 88 respondents

Most respondents were female



Most respondents were CEO and Director level



Most respondents were aged between 25 – 44



Most respondents were from businesses with 50 – 149 employees



*Only 1 respondent was aged 65+*

Source: Grant Thornton, 2025 - Q1 data

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