

# Thailand

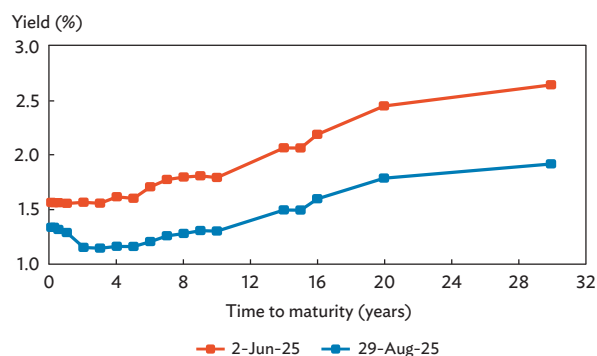
## Yield Movements

Between 2 June and 29 August, Thailand's local currency (LCY) government bond yield curve shifted downward in response to monetary policy easing by the Bank of Thailand (BOT). Yields fell by an average of 46 basis points across the curve following the central bank's policy rate cut on 13 August (Figure 1). The central bank lowered its policy rate by 25 basis points each during its February, April, and August monetary policy meetings to support the economy amid trade uncertainty and subdued inflation. Gross domestic product growth slowed to 2.8% year-on-year (y-o-y) in the second quarter (Q2) of 2025 from 3.2% y-o-y in the first quarter (Q1), mainly due to a weaker expansion in nonagricultural production, particularly tourism-related activities. The BOT expects economic growth to decelerate further in the second half of 2025 given downside risks from United States tariffs and slowing global growth. Consumer price inflation had been in negative territory since April and declined further to -0.8% y-o-y in August from -0.7% y-o-y in July and -0.3% y-o-y in June due to lower energy and food prices.

## Local Currency Bond Market Size and Issuance

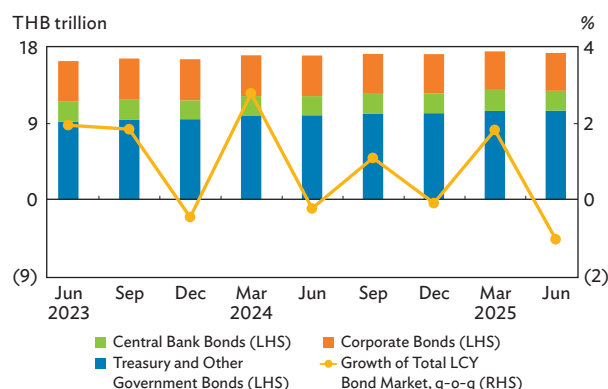
Thailand's LCY bond market contracted in Q2 2025 on a weakening expansion in government bonds and a decline in corporate bonds. Outstanding LCY bonds amounted to THB17.2 trillion at the end of June, down 1.0% quarter-on-quarter (q-o-q) in Q2 2025 compared to a 1.8% q-o-q rise in the previous quarter (Figure 2). Government bonds posted slower growth and corporate bonds continued to contract in Q2 2025. The expansion in government bonds decelerated to 0.4% q-o-q in Q2 2025 from 2.6% q-o-q in the prior quarter, owing to a larger volume of maturities. Meanwhile, corporate bonds continued to contract at a pace of -2.0% q-o-q in Q2 2025 as maturities outpaced issuance. Treasury and other government bonds (THB10.4 trillion) comprised 60.6% of the LCY bond market at the end of June, while corporate bonds (THB4.4 trillion) and BOT bonds (THB2.3 trillion) accounted for the remaining 25.8% and 13.6% shares, respectively.

**Figure 1: Thailand's Benchmark Yield Curve—Local Currency Government Bonds**



Sources: Based on data from Bloomberg LP and Thai Bond Market Association.

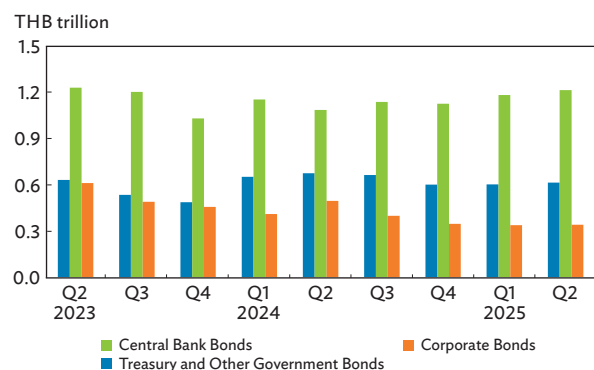
**Figure 2: Composition of Local Currency Bonds Outstanding in Thailand**



(-) = negative, LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side, THB = Thai baht.

Sources: Bank of Thailand and Thai Bond Market Association.

**Issuance of LCY bonds rose 2.2% q-o-q to THB2.2 trillion in Q2 2025, driven by increased issuance of government bonds.** LCY bond issuance growth in Q2 2025 was broadly comparable to the 2.4% q-o-q gain in the previous quarter (Figure 3). Government bond issuance rose 2.0% q-o-q in Q2 2025, up from 0.2% q-o-q in Q1 2025, on increased government borrowing to finance stimulus measures. In June, Thailand's cabinet approved an economic stimulus

**Figure 3: Composition of Local Currency Bond Issuance in Thailand**

Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, THB = Thai baht.

Sources: Bank of Thailand and Thai Bond Market Association.

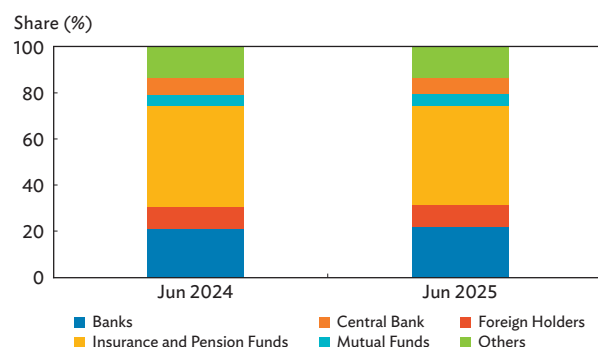
package worth THB151.0 billion intended to support infrastructure projects and tourism. Meanwhile, corporate bond sales recovered slightly in Q2 2025, edging up 0.8% q-o-q after 3 consecutive quarters of contraction as firms took advantage of a low-interest-rate environment amid monetary policy easing by the BOT. SCBX, a bank, was the largest corporate issuer in Q2 2025 with total debt sales of THB20.0 billion, accounting for 5.9% of total corporate bond issuance during the quarter.

## Investor Profile

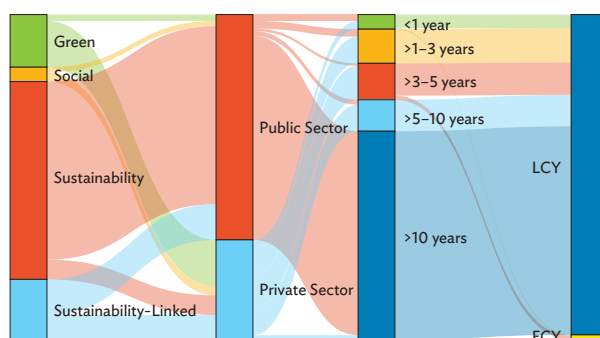
**Insurance and pension funds remained the largest holding group of Thai Treasury bonds at the end of June.** Nonetheless, insurance and pension funds' holdings share inched down to 43.0% at the end of June from 43.6% a year earlier (**Figure 4**). Meanwhile, banks' holdings share edged up to 22.3% from 21.4% during the same period. These two investor groups remained the top holders of Thai Treasury bonds.

## Sustainable Bond Market

**Thailand's sustainable bonds outstanding reached USD26.4 billion at the end of June and remained dominated by public sector sustainability bonds.** The Thai sustainable bond market continued to post robust growth, expanding 4.8% q-o-q in Q2 2025 after a 4.6% q-o-q increase in Q1 2025. Sustainability

**Figure 4: Investor Profile of Government Bonds in Thailand**

Source: Bank of Thailand.

**Figure 5: Market Profile of Outstanding Sustainable Bonds in Thailand at the End of June 2025**

FCY = foreign currency, LCY = local currency.

Source: AsianBondsOnline calculations based on Bloomberg LP data.

instruments continued to comprise the largest share at 60.8% of the total (**Figure 4**). Following large issuances from both the public and private sectors in Q2 2025, sustainability-linked instruments were the second-most predominant bond type at the end of June with an 18.6% share. The market share of green bonds outstanding edged down to 16.2% at the end of June from 17.6% at the end of March. Nearly 70% of outstanding sustainable bonds were issued by the public sector, and these were predominantly sustainability instruments with longer tenors. About 64.1% of outstanding sustainable bonds had remaining tenors longer than 10 years, resulting in a size-weighted average tenor of 9.0 years at the end of June. LCY-denominated bonds accounted for 98.5% of sustainable bonds in Thailand, which remained among the highest shares in emerging East Asia.<sup>26</sup>

<sup>26</sup> Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.