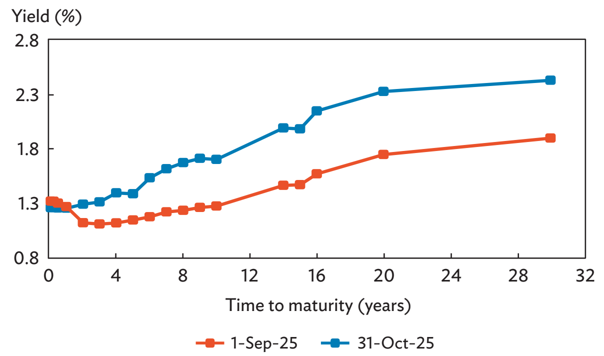
Thailand

Yield Movements

Thailand's local currency (LCY) government bond yield curve steepened between 1 September and 31 October. Yields edged downward an average of 4 basis points (bps) at the short end of the curve but increased an average of 40 bps for maturities of 2 years and longer (**Figure 1**). The decline in short-term yields indicated market expectations that the Bank of Thailand (BOT) will resume monetary policy easing at its next policy meeting in December. While the BOT held its policy rate steady at its October meeting, the monetary policy statement noted that the central bank stands ready to adjust monetary policy in response to changes in the economic and inflation outlooks. Meanwhile, longer-term bond yields rose due to elevated risks. In September, Fitch Ratings revised the outlook for Thailand's long-term foreign currency issuer default rating to "negative" on heightened risks from political uncertainty and a slow recovery in tourism. Expectations of an increase in the supply of bonds to help finance the government's new stimulus programs also pushed up longer-term bond yields.

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

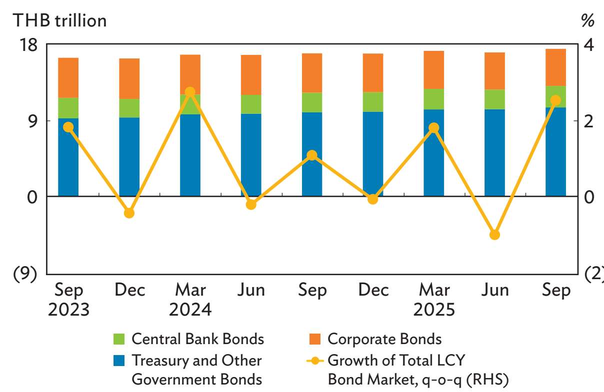


Sources: Based on data from Bloomberg LP and Thai Bond Market Association.

Local Currency Bond Market Size and Issuance

Thailand's LCY bond market rebounded in the third quarter (Q3) of 2025, reaching a size of THB17.6 trillion at the end of September. LCY bonds outstanding gained 2.5% quarter-on-quarter (q-o-q), reversing the 1.0% q-o-q decline in the second quarter (Q2) of 2025 (**Figure 2**). The recovery was underpinned by increased issuance from the corporate bond segment. Corporate bonds outstanding edged up 0.1% q-o-q in Q3 2025 following a decline of 2.0% q-o-q in the previous quarter, buoyed by increased debt sales as several companies issued new bonds to refinance maturing debt. Meanwhile, the expansion of government bonds outstanding accelerated to 2.0% q-o-q in Q3 2025 from 0.4% q-o-q in Q2 2025, largely due to a smaller volume of maturities that offset the decline in issuance.

Figure 2: Composition of Local Currency Bonds Outstanding in Thailand



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

Sources: Bank of Thailand and Thai Bond Market Association.

The private sector drove accelerated LCY bond issuance in Q3 2025. LCY bond issuance rose 2.6% q-o-q to THB2.2 trillion in Q3 2025, up from 2.2% q-o-q in the previous quarter (**Figure 3**). The increased issuance of corporate bonds supported overall growth during the quarter. Growth in corporate bond issuance jumped to 8.7% q-o-q in Q3 2025 from 0.8% q-o-q in Q2 2025, as several firms issued new bonds to refinance maturing debt. A total of THB414.0 billion worth of corporate bonds are due to mature in the second half of 2025, while lower interest rates following the BOT's rate cut in August encouraged new bond issuance in Q3 2025. The largest corporate issuer was Thai Beverage, with a triple-tranche issuance totaling THB37.4 billion that accounted for 10.1% of total corporate issuance in Q3 2025. Meanwhile,

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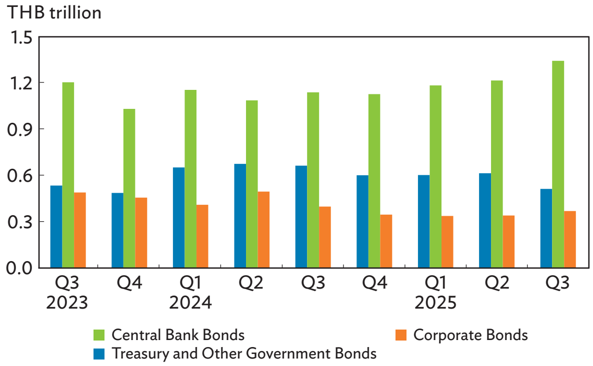
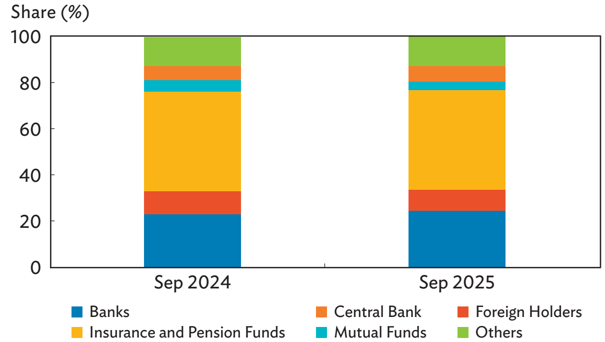
Figure 3: Composition of Local Currency Bond Issuance in Thailand



Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, THB = Thai baht.
Sources: Bank of Thailand and Thai Bond Market Association.

Figure 4: Investor Profile of Government Bonds in Thailand



Source: Bank of Thailand.

government bond issuance decreased 16.5% q-o-q to THB513.7 billion, following a relatively large volume of issuance in the previous quarter.

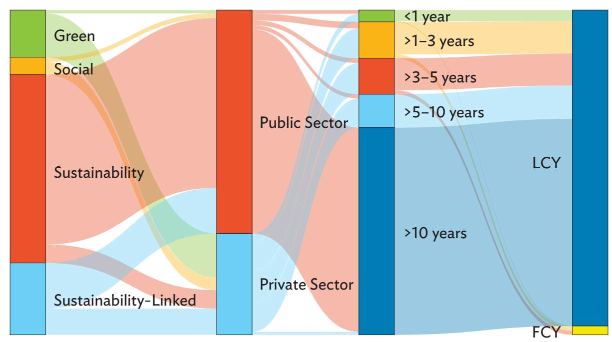
Investor Profile

Foreign holdings of Thai Treasury bonds decreased over the past year amid domestic and international uncertainties. At the end of September, the holdings share of foreign investors in Thai Treasury bonds edged down to 9.2% from 10.1% a year earlier amid heightened risks from domestic political conditions and global trade (**Figure 4**). Meanwhile, the BOT's holdings share increased to 6.6% from 6.2% during the same period, as the central bank purchased THB67.0 billion of Thai Treasury bonds to help stabilize the bond market.

Sustainable Bond Market

Sustainability-linked instruments led issuance growth in Thailand's sustainable bond market in Q3 2025. Thailand's sustainable bond market reached USD27.6 billion at the end of September on robust expansion of 4.7% q-o-q. Sustainability bonds remained the most dominant bond type, accounting for 58.0% of outstanding sustainable bonds, followed by sustainability-linked bonds (SLBs) at 22.1% (**Figure 5**).

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



FCY = foreign currency, LCY = local currency.
Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

About 70.7% of new issuances in Q3 2025 were SLBs from both public and private sector issuers. Public sector issuances included THB30.0 billion from two reopenings of a 15-year government SLB.[25] The quarter also saw the first issuance of a state-owned enterprise SLB: a THB2.0 billion 5-year bond from the Electric Generating Authority of Thailand. Meanwhile, Thai Union, a food and beverage firm specializing in seafood, issued THB7.0 billion of SLBs in September, along with THB2.0 billion of blue bonds, as part of a fund-raising drive to meet its sustainability commitments. The increasing popularity of SLBs can be attributed to the flexibility of these instruments, as proceeds may be used for general purposes.

[25] The 15-year government sustainability-linked bond was launched on 25 November 2024 and was the first sovereign sustainability-linked instrument issued in Asia. The bond aims to reduce Thailand's greenhouse gas emissions by 30% by 2030 and increase zero-emission vehicles by 440,000 passenger cars and pickup trucks by 2030. At the end of September 2025, the bond had an outstanding amount of THB128.0 billion from six reopenings following its initial issuance.