

Thailand

Yield Movements

Thailand's local currency (LCY) government bond yield curve steepened between 3 November and 6 February.

Yields fell an average of 12 basis points (bps) for bonds with maturities of up to 7 years but gained an average of 21 bps for bonds with longer maturities (**Figure 1**). Shorter-term bond yields declined as the Bank of Thailand resumed its policy easing cycle in December, after holding its rate steady during its 8 October meeting. To boost economic growth, the central bank reduced its policy rate by 25 bps to 1.25% at its 17 December meeting, and by another 25 bps to 1.00% during its 25 February meeting. Meanwhile, longer-term bond yields rose on expectations of increased government borrowing to fund the new administration's [stimulus](#) plans.

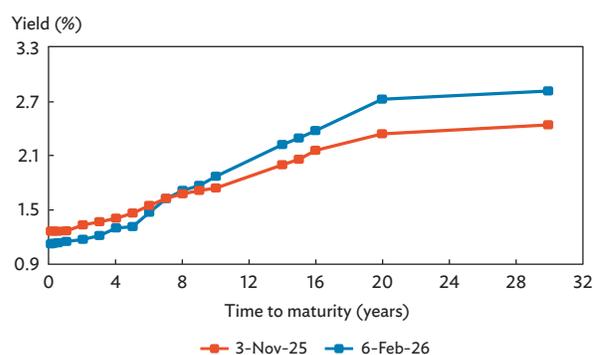
Local Currency Bond Market Size and Issuance

Thailand's LCY bond market edged up 1.1% quarter-on-quarter (q-o-q) in the fourth quarter (Q4) of 2025 to reach a size of THB17.8 trillion at the end of December.

The bond market's quarterly expansion slowed from the previous quarter's 2.5% q-o-q rise on a slower increase in government bonds and a contraction in corporate bonds (**Figure 2**). Government bonds outstanding reached THB10.7 trillion, with expansion moderating to 1.1% q-o-q in Q4 2025 from 2.0% q-o-q in the prior quarter due to reduced issuance and a larger volume of maturities. Meanwhile, corporate bonds outstanding (THB4.4 trillion) fell 0.1% q-o-q as the volume of maturities outpaced issuance.

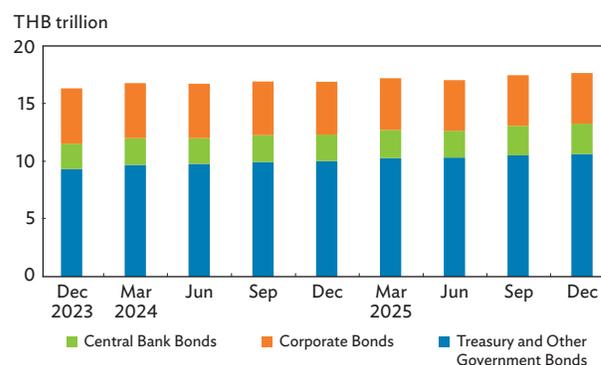
LCY bond issuance fell in Q4 2025 on reduced government borrowing and tepid corporate debt sales. Issuance of new bonds edged down 0.9% q-o-q to THB2.2 trillion in Q4 2025, reversing the 2.6% q-o-q increase posted in the previous quarter (**Figure 3**). Government bond sales continued to contract, falling 5.3% q-o-q in Q4 2025 after a 16.5% q-o-q decline in Q3 2025. Government issuances in Q4 2025 included

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

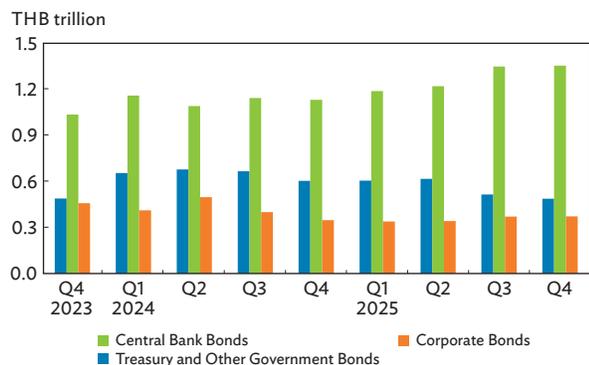


THB = Thai baht.

Sources: Bank of Thailand and Thai Bond Market Association.

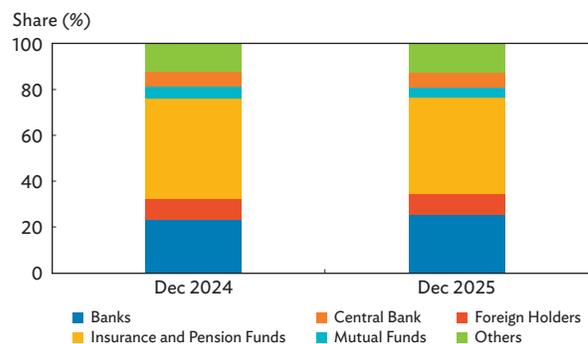
THB31.4 billion of sustainability-linked bonds (SLBs). Growth in corporate debt sales decelerated to 0.2% q-o-q in Q4 2025 from 8.7% q-o-q in the prior quarter as a surge in defaults dampened investor demand for new issues. Bond payment defaults rose to THB3.8 billion in Q4 2025 from THB2.2 billion in the previous quarter. Bond defaults were largely from capital-intensive companies that were heavily affected by the slowdown in domestic demand.

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.

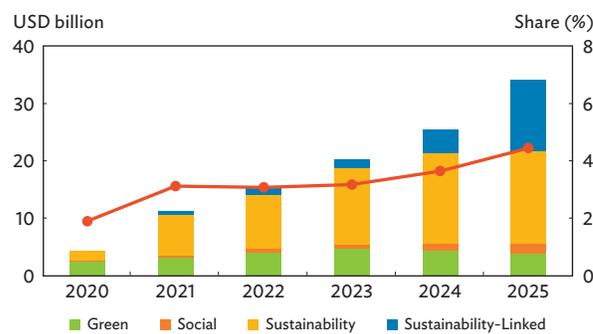
Investor Profile

Banks and insurance and pension funds remained the primary holders of Thai Treasury bonds. At the end of December, the holdings share of banks for Thai Treasury bonds increased to 25.5% from 23.3% a year earlier amid a contraction in loan growth. Meanwhile, the holdings share of insurance and pension funds inched down to 42.2% from 43.8%. These two investor groups remained the top holders of Thai Treasury bonds, with a combined holdings share of 67.6% at the end of December. The holdings share of other investor groups posted marginal changes. As such, the investor profile of Thai Treasury bonds was little changed in December from a year earlier (Figure 4).

Sustainable Bond Market

The expansion of Thailand’s sustainable bond market accelerated in 2025, propelled by robust issuance of SLBs. The stock of sustainable bonds has steadily increased since 2020, reaching a size of USD34.0 billion at the end of 2025 (Figure 5). The market registered robust growth of 34.1% year-on-year in 2025, up from 24.6% year-on-year in 2024, driven largely by increased issuance of SLBs. While sustainability bonds remained the predominant type of sustainable bond instrument,

Figure 5: Sustainable Bonds Outstanding in Thailand



EEA = emerging East Asia, RHS = right-hand side, USD = United States dollar.

Notes:

- Emerging East Asia is defined to include the member states of ASEAN plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.
- Data include both local currency and foreign currency sustainable bonds.
- Sustainability-linked bonds include transition-linked bonds.

Source: AsianBondsOnline calculations based on Bloomberg LP data.

comprising 47.5% of the total, the share of SLBs has increased markedly since 2024. In 2025, SLB issuance amounted to USD8.3 billion, representing 82.3% of total sustainable bond issuance. Almost 90% of SLB issuance in 2025 came from the public sector, largely from reopenings and bond switch transactions to an existing 15-year sovereign SLB.²⁷ The private sector also actively issued SLBs in 2025, with an equivalent of USD897.2 million of issuance.

²⁷ The 15-year government sustainability-linked bonds was launched on 25 November 2024 and was the first sovereign sustainability-linked instrument issued in Asia. At the end of December 2025, the bond had an outstanding amount of THB159.4 billion.