

Thailand's Rising Reserves and the Changing Nature of External Stability

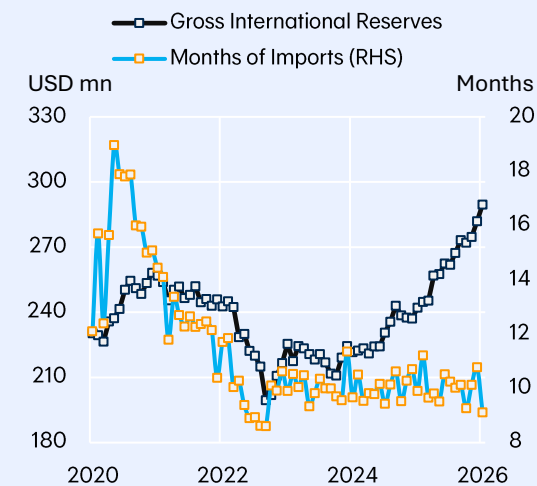


“The numbers remain strong, but the underlying dynamics have shifted, with stability no longer anchored in trade alone but increasingly shaped by global capital flows.”

Thailand’s international reserves have climbed back to nearly USD 290 billion, placing the country among the stronger emerging markets in terms of external buffers relative to economic size and short-term external debt. At first glance, the signal is reassuring. Thailand appears well insulated against external shocks.

Yet beneath that headline figure lies a more nuanced reality. The question is no longer how much Thailand holds, but what sustains that strength and whether it can endure. Part of the recent increase has come from higher gold holdings, pointing not only to a larger buffer but also to a shift in composition, with implications for the balance between safety, diversification, and liquidity.

Thailand: Gross International Reserves and Months of Imports, 2020–2026



Source: Bank of Thailand.

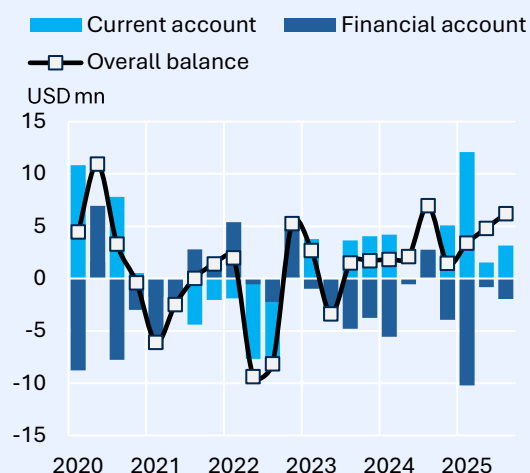
A Comfortable Buffer, by Conventional Metrics

By standard adequacy measures, Thailand’s external position remains robust. Reserves cover close to nine months of imports and comfortably exceed short-term external debt. This provides a meaningful cushion against global volatility, from tighter financial conditions to geopolitical shocks. The risk of a balance of payments crisis remains low.

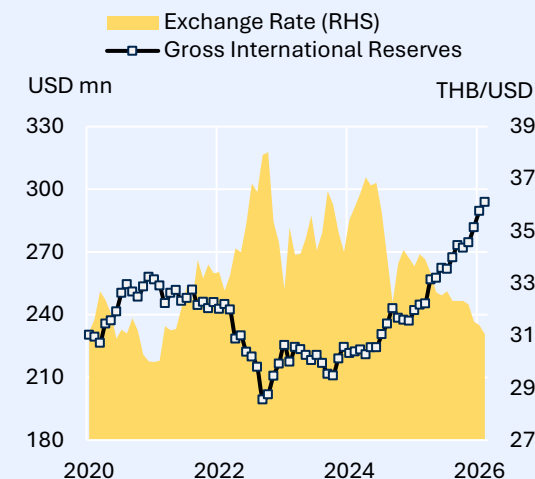
But high reserves alone do not guarantee resilience. What matters is whether they are

underpinned by durable, predictable external surpluses, or by more fluid and potentially reversible forces.

Thailand: Current Account, Financial Account and Overall Balance, 2020–2025



Thailand: Exchange Rate and Gross International Reserves, 2020–2026



Source: Bank of Thailand.

When Surpluses Become Less Anchored

Thailand’s current account is no longer anchored by a single, stable engine. In earlier periods, exports provided a broad and consistent base of support. That structure has shifted.

Trade balances have become more volatile, while services, particularly tourism, and income flows now play a larger role. The result is a more fragmented foundation. A surplus built on

multiple moving parts is inherently less predictable, especially when key components are sensitive to global cycles and geopolitical developments.

Recent data illustrate this shift. In January 2026, Thailand recorded a trade deficit, yet still posted a current account surplus as services and income offset the gap. The surplus remains, but its quality has changed.

The Rising Role of Capital Flow Dynamics

Financial flows are now central to Thailand’s external balance. Movements in the financial account, particularly portfolio investment, have become increasingly influential.

These flows are driven less by domestic fundamentals and more by global interest rates, liquidity conditions, and investor sentiment. They can reverse quickly, introducing a new layer of vulnerability.

Even with a current account surplus, capital outflows can offset gains. In the first quarter of 2025, Thailand recorded a current account surplus of more than USD 12 billion, yet financial outflows exceeded USD 10 billion. This divergence underscores a structural shift. External stability is no longer secured by trade alone.

A Currency Shaped by Global Forces

The baht increasingly reflects global financial conditions, particularly shifts in US monetary policy. Periods of volatility have been driven more by external factors than by domestic imbalances.

At the same time, reserves have remained broadly stable, suggesting that authorities are allowing the exchange rate to adjust rather than actively resisting market pressures. This supports policy credibility but also highlights a constraint. Exchange rate dynamics are now

shaped as much by global capital flows as by domestic policy choices.

Strong, But No Longer Simple

Thailand's reserves remain high, and its external position is fundamentally sound. But the nature of that strength has changed.

Stability is no longer anchored solely in trade surpluses. It now reflects a more complex interaction between current account dynamics and global capital flows.

The risks ahead are less about crisis than about volatility. The numbers still look strong. But resilience now depends not just on how much a country holds, but on how well it navigates forces beyond its control.

In this environment, external stability will increasingly hinge on global financial conditions, particularly shifts in US interest rates, capital flow dynamics, and the sustainability of tourism-driven inflows.

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