Press Release

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S&P Global Ratings and TRIS Rating Host "Thailand Credit Spotlight 2025" to Explore Global Trade Shifts and Economic Outlook

S&P Global Ratings and TRIS Rating Co., Ltd. jointly held a conference titled "Thailand Credit Spotlight 2025: Navigating Global Trade Shifts" at Siam Kempinski Hotel Bangkok on 15 July 2025. The conference provided a platform for stakeholders in the Thai capital markets to share views on economic conditions, business trends, sovereign ratings, as well as the challenges and opportunities for the business sector from changes in global trade and supply chains.

Participants in the seminar included representatives from public and private sectors, organizations rated by TRIS Rating and/or S&P Global Ratings, institutional investors, underwriters, stakeholders in the Thai bond market, and medias.

At the seminar, we were honored by Mr. Surinthorn Sunthornsanan, Deputy Director-General, Department of International Trade Promotion, Ministry of Commerce, to be a keynote speaker. While the last panel was the discussion on "Challenges and Opportunities from the Shift in Global Trade and Supply Chain" by Mr. Yeap Swee Chuan, President and CEO of AAPICO Hitech PLC, Mr. Krailuck Asawachatroj, Group Chief Strategic Officer of WHA Corporation PLC, and Dr. Virat Chatdarong, a board member of the Federation of Thai Industries.

The managements from S&P Global Ratings, TRIS Rating, and Credit Guarantee & Investment Facility (CGIF) also joined this event. Here are views shared by some of the speakers in various discussions:

Mr. Louis Kuijs, APAC Chief Economist, S&P Global Ratings:

"Asia Economic Outlook -- Dealing with External Challenges"

US policy changes are impacting the global economy. In the US itself, a combination of slower growth and higher inflation complicates the Federal Reserve's interest rate policy. Abroad, US tariffs are hurting international trade, raising uncertainty and leading to scrutiny over supply chains. Expectations of substantial US tariffs and uncertainty over them weigh on China and other Asia-Pacific economies. Solid domestic demand in many economies should contain the overall slowdown in 2025 and 2026, but less so in more export-oriented economies. In the medium term, the region is likely to remain a relatively fast-growing part of the global economy. But Asia-Pacific countries will need to navigate the US-China geo-political rivalry.

Mr. Kim Eng Tan, Managing Director, Sovereign and International Public Finance Ratings, S&P Global Ratings:

"Sovereign Rating Trends in An Uncertain Environment"

International developments in the next few years will act against sovereign credit improvements. Structural characteristics of Thailand economy also weigh on key credit metrics. Policy changes can offset many of these negative pressures if they are introduced in a timely manner.

Mr. IVAN Tan, Director, Financial Institutions Ratings, S&P Global Ratings:

"Thailand Banking Sector Key Credit Trends"

"Thailand banks are navigating headwinds from slow economic recovery and tariff related uncertainties. Some structural challenges include high household and corporate debt as well as pre-existing weaknesses in the small and midsize enterprise (SME) segment. An influx of Chinese goods is affecting the competitiveness of the manufacturing sector, especially SMEs. The Thai government is taking steps to repair household balance sheets and boost SMEs' competitiveness. Policy measures, however, require time to crystallize and effect a structural shift. S&P Global Ratings believes Thai banks are well placed to weather these challenges. They generally have good credit buffers relative to peers, with high capital adequacy ratio of over 20% and provision coverage ratio at about 170%. Banks' adequate earnings also aided these buffers"

Ms. Pauline Tang, Associate Director, Corporate Ratings, S&P Global Ratings:

"Lingering trade tensions could interrupt a recent trend of corporate deleveraging and improving funding availability across Southeast Asia."

The impact of the US tariffs and trade tensions across the region will diverge significantly from country to country. Vietnamese and Chinese companies are likely to be most directly hit by higher tariffs and lingering trade policy uncertainties. Firms in Thailand, Indonesia, and Malaysia rely less on the US as an export destination. But their commodity and manufacturing sectors are highly integrated within global supply chains, which exposes them to the resulting weaker regional and international customer demand, and potential dumping risks from Chinese manufacturers. Sectors most at risk include auto and auto suppliers, chemical, textile, steel, and discretionary consumer product sectors, with SMEs likely to be especially hit given their smaller sizes and more concentrated operations.

Slowly improving leverage and benign funding conditions offset to some extent trade headwinds for the Southeast Asian corporate sector. Average leverage levels have slowly declined since the height of the pandemic while funding from banks and capital markets has become widely available. But pockets of high leverage persist in certain sectors such as real estate, construction, and at some large companies in Thailand, Vietnam, and the Philippines.

Dr. Suchada Pantu, First Senior Executive Vice President, TRIS Rating Co., Ltd.

"US Tariffs' Impacts on Thai Corporate Issuers"

TRIS Rating expects the hike in US tariffs to directly impact a limited number of corporate issuers mainly in three industries - processed foods (including seafood and pet foods), rubber products, as well as electronics and electrical equipments. These issuers constitute fewer than 5% of the 225 issuers that are presently assigned public ratings by TRIS Rating. Collectively, these issuers generated approximately THB1 trillion in revenue in 2024. Of this, only about 5%-6% came from exports to the US. Separately, the potential elimination of tariffs on US imports could intensify competition for three issuers in the agricultural sector. These issuers together posted THB760 billion in revenues, with approximately 25% coming from domestic pork and poultry sales. However, TRIS Rating views broader economic risks to be a more serious threat. A slowdown in exports and foreign direct investment, coupled with delays in private-sector capital spending and low consumer confidence, could weigh heavily on the operating performance of rated issuers in the short to medium term.

Mr. Mitsuhiro Yamawaki, Deputy CEO and Chief Risk Officer, CGIF

CGIF's credit assessment process considers the potential impact of macroeconomic risks, such as recent US trade policy actions, on its credit guarantee portfolio. The impact of these trade developments may be significant, given the wide range of ASEAN+3 countries and sectors exposed. As part of the assessment, CGIF identifies specific risk factors and the characteristics of clients that are vulnerable to each factor. High-risk clients will be closely monitored by the deal team and the risk function, and will be reported to management as appropriate."

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