



OFFICE OF THE NATIONAL ECONOMIC
AND SOCIAL DEVELOPMENT COUNCIL



Q1/2026

NESDC Economic Report

Thai Economic Performance in Q1 and Outlook for 2026

Macroeconomic Strategy and Planning Division



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Thai Economic Performance in Q1 of 2026 and Outlook for 2026



The Thai economy in the first quarter of 2026 expanded by 2.8 percent (%YoY), accelerating from 2.5 percent in the fourth quarter of 2025. After seasonal adjustment, the Thai economy expanded by 0.7 percent from the fourth quarter of 2025 (%QoQ sa).



On expenditure side: Total investment, exports of goods, and government consumption expenditure accelerated, while private consumption continued to expand favorably. Meanwhile, exports of services returned to expansion.



On the production side: The agriculture, forestry, and fishing; manufacturing; accommodation and food service activities; and transportation and storage sectors expanded at an accelerated pace. Meanwhile, the wholesale and retail trade; and construction sectors decelerated from the previous quarter.

Economic Projection for 2026

(%YoY)	2024		2025		2026 (f)	
	Year	Year	Q3	Q4	Q1	Year
GDP (CVM)	2.9	2.4	1.2	2.5	2.8	1.5 - 2.5
Investment ^{1/}	-0.3	4.9	1.4	8.1	9.9	3.5
Private	-1.9	3.5	4.5	6.5	10.1	3.7
Public	4.5	8.9	-5.3	13.3	9.4	3.1
Private Consumption	4.4	2.7	2.5	3.3	3.2	2.4
Government Consumption	2.6	0.6	-3.9	1.3	3.4	1.2
Export of Goods ^{2/}	5.9	12.7	11.5	9.4	17.8	9.6
Volume ^{2/}	4.4	12.0	10.9	8.3	15.1	7.3
Import of Goods ^{2/}	5.5	13.0	12.2	17.5	33.1	14.2
Volume ^{2/}	4.8	9.7	8.9	13.0	25.7	8.4
Current Account to						
GDP (%)	2.2	2.8	1.9	-0.3	2.1	1.0
Inflation	0.4	-0.1	-0.7	-0.5	-0.5	2.0 - 3.0

Note: ^{1/} Investment means Gross Fixed Capital Formation

^{2/} base on the Bank of Thailand's data

Thai Economic Outlook for 2026

The Thai economy in 2026 is projected to expand within the range of 1.5–2.5 percent (midpoint of 2.0 percent). Private consumption and investment are projected to grow by 2.4 percent and 3.7 percent respectively. The value of merchandise exports in US dollar terms is projected to grow by 9.6 percent. Headline inflation is projected within the range of 2.0–3.0 percent, and the current account is expected to record a surplus of 1.0 percent of GDP.



Supporting Factors

- Continued expansion of private consumption and private investment
- Support from public expenditure, in line with the increase in the FY2026 budget framework.
- Continual export growth, driven by demand for high-technology-related products.



Risk Factors

- The prolonged conflict situation in the Middle East.
- The risk of a slowdown in the global economy and trade, together with volatility in financial and capital markets.
- High household debt burdens and deteriorating credit quality of SMEs.
- Increasing climate-related volatility and the growing impacts on the agricultural sector.

The economic management for the remainder of 2026 should prioritize the following areas:

- Mitigating the impacts of the conflict situation in the Middle East, by: (1) Strengthening energy security management to prepare for a prolonged conflict situation; (2) Implementing targeted measures to alleviate the impacts of rising energy costs on households and businesses; (3) Ensuring the adequacy of production inputs, particularly raw materials that rely heavily on imports from the Middle East; and (4) Promoting energy transition and adaptation toward a low-carbon society.
- Accelerating private investment, by: (1) Facilitating investment and removing investment bottlenecks; (2) Developing an investment-conducive ecosystem; and (3) Enhancing domestic benefits from foreign direct investment.
- Maintaining export growth momentum, by: (1) Preventing and mitigating the impacts of U.S. trade restrictive measures; (2) Expanding economic cooperation and diversifying export markets to reduce dependence on the U.S. market; (3) Enhancing awareness and understanding of key regulatory measures of trading partners scheduled to take effect during 2026–2027; and (4) Reducing production and business operation costs.
- Maintaining support from public expenditure while preserving fiscal discipline, by: (1) Accelerating the disbursement of the FY2026 current budget, with a disbursement rate of no less than 90.7 percent; (2) Ensuring the timely enactment of the FY2027 annual budget; (3) Ensuring prudent and efficient management of the budget under the Emergency Decree on Energy Crisis Mitigation and Energy Transition, in line with prevailing economic conditions; and (4) Preserving adequate fiscal space to accommodate future uncertainties.
- Mitigating the impacts on the agricultural sector arising from rising agricultural input prices and climate change, by: (1) Diversifying import sources for agricultural inputs; and (2) Strengthening agricultural water resource management.
- Addressing credit access constraints for businesses and households, by: (1) Reducing pressures from household non-performing loans (NPLs); (2) Providing financial assistance to high-potential SMEs facing liquidity constraints; (3) Advancing sustainable and concrete household debt resolution measures; and (4) Enhancing financial literacy and awareness, particularly prudent spending behavior and financial risk management to cope with emergency situations.

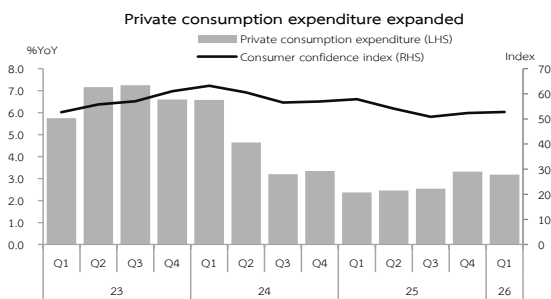
1. The Thai Economy in Q1/2026

Expenditure Side:

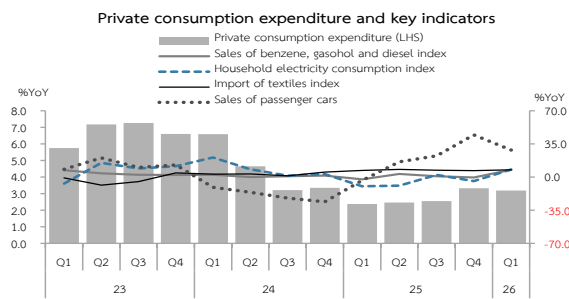
Private consumption expenditure increased by 3.2 percent, following a growth of 3.3 percent in the previous quarter. This reflected expansion across all categories. By category, **expenditure on non-durable goods** rose by 3.5 percent, accelerating from 2.5 percent in the previous quarter, mainly driven by higher spending associated with personal transport operations, including expenditures on fuel, electricity, and gasoline. However, spending on food and beverages slowed. **Expenditure on semi-durable goods** increased by 3.5 percent, up from 2.6 percent in the previous quarter, owing to stronger spending on clothing and footwear, while expenditure on furniture and household equipment continued to increase markedly. **Expenditure on services** increased by 2.2 percent, decelerating from 2.9 percent in the previous quarter, due to slower growth in spending on healthcare and transport services. Meanwhile, spending on hotels and restaurants continued to expand. **Expenditure on durable goods** rose by 6.8 percent, lower than the 12.2 percent expansion recorded in the previous quarter, reflecting more moderate growth in vehicle purchases, which increased by 16.3 percent, compared with 26.4 percent in the previous quarter. Overall, growth in private consumption expenditure in this quarter was consistent with the Consumer Confidence Index (CCI), which increased to 52.8 from 52.3 in the previous quarter.

In the first quarter of 2026, private investment and export of goods accelerated, while private consumption continued to expand.

Private consumption expenditure grew by 3.2 percent. This reflected expansion across all categories.



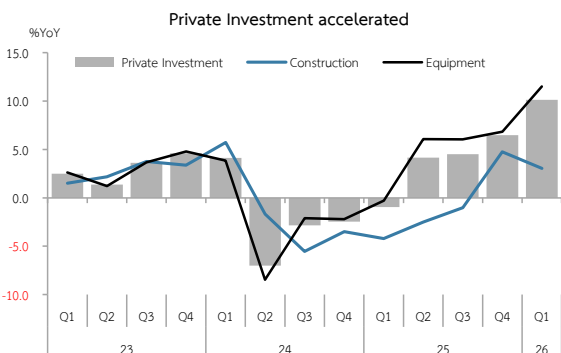
Source: NESDC, and University of the Thai Chamber of Commerce



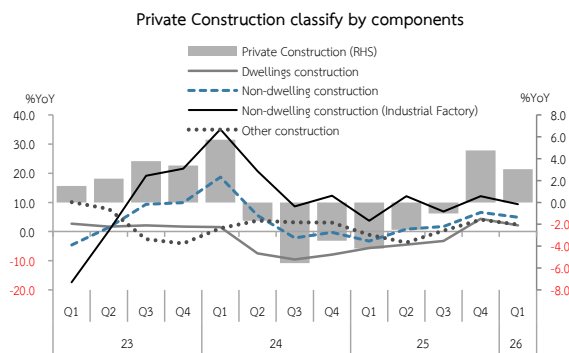
Source: NESDC, BOT, and Department of Energy

Private investment recorded its highest growth in fourteen consecutive quarters, increasing by 10.1 percent, up from 6.5 percent in the previous quarter. **Investment in machinery and equipment** rose by 11.5 percent, compared with 6.8 percent in the previous quarter, supported by stronger investment in industrial machinery, in line with the expansion of machinery and equipment imports. In addition, investment in transport equipment surged following higher passenger car registrations, while investment in office equipment decelerated, largely reflecting slower growth in spending on computers and parts. **Investment in construction** grew by 3.0 percent, down from 4.8 percent in the previous quarter. The slowdown consisted of a deceleration in residential construction, which rose by 2.1 percent, lower than the 4.4 percent recorded previously. Meanwhile, non-residential construction grew by 4.9 percent, down from 6.5 percent in the previous quarter, driven by continued growth in industrial factory and commercial building construction. Overall, private investment growth in this quarter aligned with the trajectory of the Business Sentiment Index (BSI), which declined to 48.8 from 49.5 in the previous quarter. This reflected weaker sentiment in the hotel and restaurant sectors, as well as in the plastic pellets and packaging industries, amid the impact of the Middle East conflict.

Private investment recorded the highest growth in 14 consecutive quarters, which increased by 10.1 percent, driven by expansion in machinery and equipment. However, investment in construction decelerated.



Source: NESDC

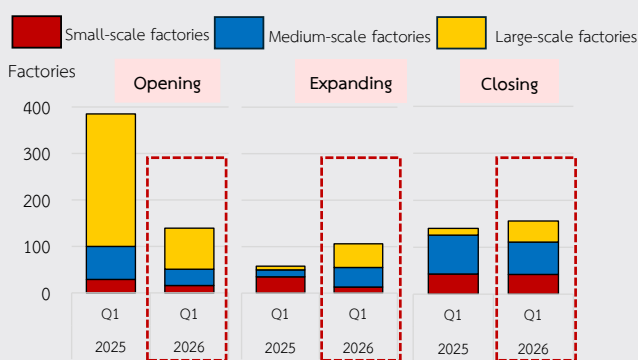


Source: NESDC

An analysis of Factory Openings, Expansions, and Closures

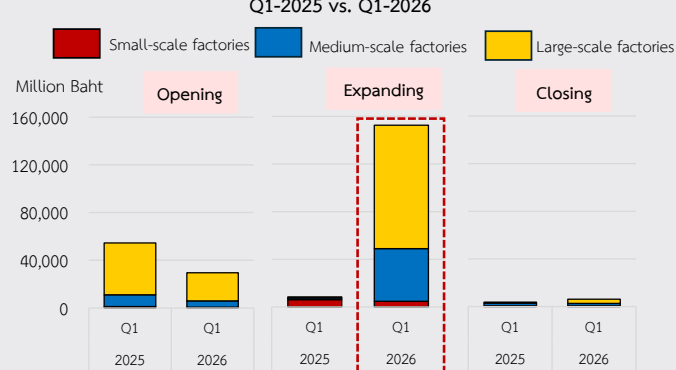
According to data from the Department of Industrial Works under Thailand’s Ministry of Industry, **the number of factory openings in the first quarter of 2026 stood at 139 factories**, representing a 63.9 percent decline compared to the same period of the previous year. Conversely, **the number of factory closures reached 156 factories**, representing a year-on-year increase of 11.4 percent. **Consequently, the number of closures exceeded openings for the first time in ten consecutive quarters**, dating back to the fourth quarter of 2023. Meanwhile, **the number of factory expansions rose by 82.8 percent to 106 factories**, aligning with a surge in investment value to 152.5 billion Baht, up from 8.5 billion Baht in the first quarter of the previous year. **These trends indicate that while new factory openings decreased, operational expansions grew significantly, driven primarily by large-scale¹ and medium-scale² enterprises.** These expansions generated employment for approximately 25,126 people, accounting for 99.3 percent of the total workforce added through factory expansions.

Factory Openings, Expansions, and Closures: Q1-2025 vs. Q1-2026



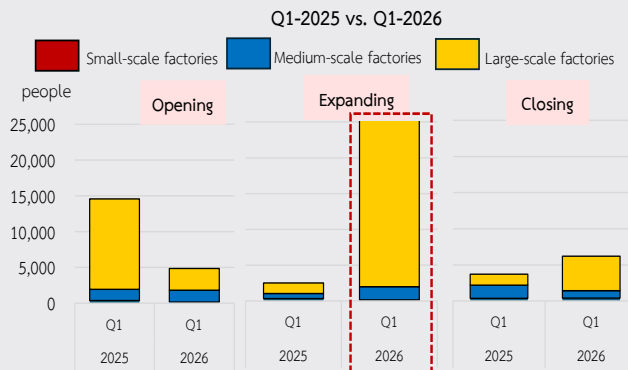
Source: Department of Industrial Works; analyzed by NESDC

Business Investment in Openings, Expansions, and Closures: Q1-2025 vs. Q1-2026



Source: Department of Industrial Works, analyzed by NESDC

Workforce Distribution in Opening, Expanding, and Closing Businesses: Q1-2025 vs. Q1-2026



Source: Department of Industrial Works; analyzed by NESDC

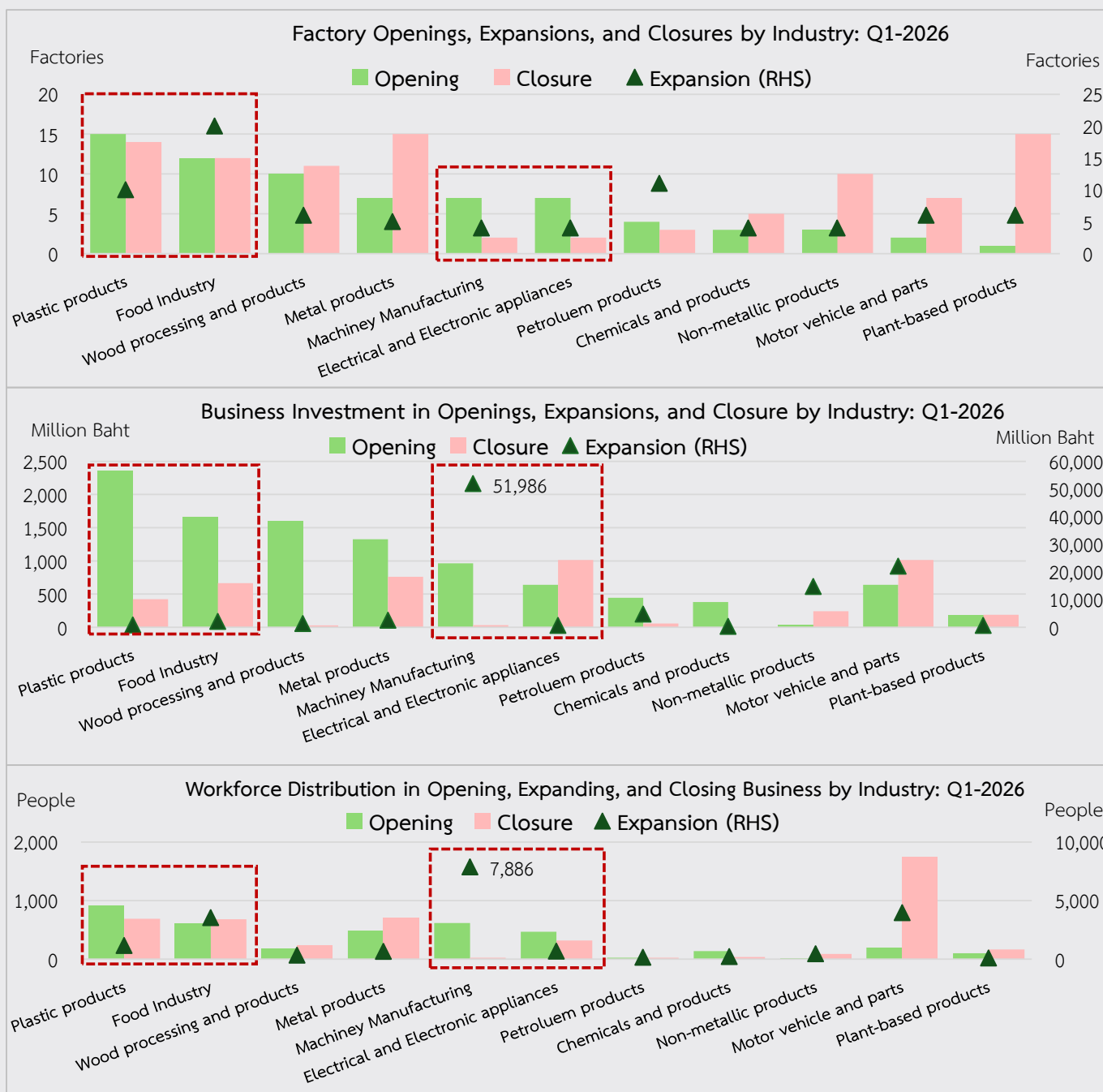
When disaggregated by industrial category, factory openings and expansions continued to grow within the plastic products, food, machinery manufacturing, and electrical appliances and electronics sectors. Notably, the investment value in machinery manufacturing reached 52.0 billion Baht in the first quarter of 2026, increasing significantly from just 0.04 billion Baht in the corresponding period of the previous year. This surge was accompanied by a significant expansion in employment, with the sector hiring 7,886 people compared with only fifty workers in the first quarter of 2025. Similarly, employment growth was observed across the food, plastic products, and electrical appliances and electronics industries. This upward trend aligns with the broader expansion of non-agricultural sector employment, particularly within manufacturing, and is supported by robust export growth.

¹ Large-scale factories: Factories employing more than 200 people.

² Medium-scale factories: Factories employing more than 50 but no more than 200 people.

An analysis of Factory Openings, Expansions, and Closures (Cont.)

Meanwhile, the contraction of small-scale³ factories is reflected by a significant surge in both the investment value and employment losses associated with factory closures, as investment values and job losses rose by 9.8 percent and 15.8 percent, respectively. This downturn was particularly evident in sectors such as metal products and plant-based manufacturing. This downward trend is attributable to the declining competitiveness of Thai small- and medium-sized enterprises (SMEs), especially within legacy industries. These businesses have been adversely affected by weakening demand, intensifying competition from imported goods, and a sharp escalation in raw material costs exacerbated by the prolonged conflict in the Middle East. Furthermore, Thai exporters targeting the Middle East have faced the dual challenges of dampened demand and severe logistics disruptions through the Strait of Hormuz. This geopolitical friction has notably impacted sectors such as motor vehicles and parts, air conditioners and parts, rubber products, prepared food, and computers and parts, which depend on Middle Eastern markets for 35.4 percent, 7.8 percent, 4.6 percent, 3.7 percent, and 3.5 percent of their total exports, respectively.

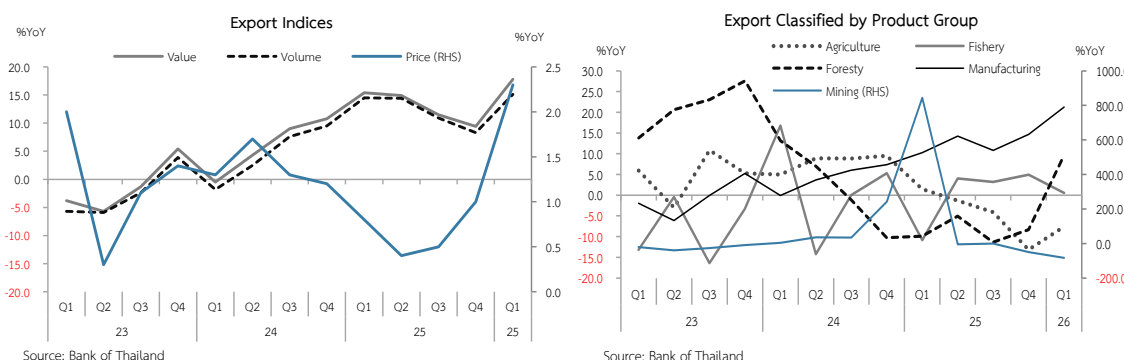


Source: Department of Industrial Works; analyzed by NESDC. Note: Dataset is restricted to medium and large factories.

³ Small-scale factories: Factories employing no more than 50 people.

Exports in US dollar terms reached 95.1 billion US dollars in the first quarter of 2026, growing by 17.8 percent, accelerating from 9.4 percent in the previous quarter, and marking the highest growth in seventeen quarters. This upward trend was associated with the strong export growth of manufacturing products, especially electronics and electrical appliances, in line with rising demand in the global market. Meanwhile, agricultural products continued to decline following intensifying global competition. **The export volume index** rose by 15.1 percent, up sharply from an 8.3 percent expansion in the previous quarter. This corresponded with an acceleration of manufacturing export volumes by 19.7 percent, compared with a 14.0 percent increase in the previous quarter, while agricultural export volumes dropped by 7.4 percent, and fishery export volumes declined for the first time in four quarters by 1.6 percent. **The export price index** increased by 2.3 percent, compared with a 1.0 percent increase in the previous quarter, following an increase in the export price index for manufacturing and fishery products by 1.3 percent and 2.1 percent, respectively. **Excluding unwrought gold, export value** increased by 15.8 percent, accelerating from 11.8 percent in the previous quarter. **In Thai Baht terms**, the export value reached 3.0 trillion Baht, representing a 9.8 percent increase, compared with 3.6 percent in the previous quarter.

Exports in US dollar terms escalated by 17.8 percent, marking the highest growth in seventeen consecutive quarters.



The export value of agricultural commodities declined for the fourth consecutive quarter by 7.6 percent, compared with a 13.2 percent decrease in the previous quarter. This contraction was primarily driven by reductions in both the export price (-7.4 percent) and export volume (-0.2 percent), in line with growing global competition. Major products with lower export values included **rice**, with exports declining by 16.7 percent due to reductions in both the export price (-7.8 percent) and export volume (-9.6 percent), following weakening demand from the U.S., South Africa, and China; **rubber** fell by 22.5 percent due to a reduction in exports to China, Japan, and Malaysia, as the export price and export volume decreased by 8.7 percent and 15.2 percent, respectively. Meanwhile, **durian** revived by 181.1 percent, attributed to export volume increasing by 203.4 percent while the export price decreased by 7.4 percent, driven primarily by a rise in exports to the Chinese market. **The export value of manufacturing products** rose by 21.3 percent, accelerating from 14.7 percent in the previous quarter, following an increase in export volume and price of 19.7 percent and 1.3 percent, respectively. **Major manufacturing products that increased** included electrical appliances (19.6 percent), telecommunications equipment (140.1 percent), computer parts and accessories (45.4 percent), jewellery (107.3 percent), pickups and trucks (53.6 percent), and computers (20.2 percent). Meanwhile, the export value of **major manufacturing products that declined** included passenger cars (-39.1 percent), and aircraft, ships, floating structures, and locomotives (-18.0 percent). **The export value of fishery products** increased by 0.5 percent. Meanwhile, **other export products** increased by 54.0 percent, compared to a 41.2 percent expansion in the previous quarter, with unwrought gold exports rising by 60.2 percent, compared to a 41.4 percent drop in the previous quarter.

Export Value of Major Product in US Dollar Term

%YoY	2024		2025				2026	Share Q1/26 (%)
	Year	Year	Q1	Q2	Q3	Q4	Q1	
Agriculture	8.2	-4.0	1.5	-1.3	-4.1	-13.2	-7.6	4.5
Rice	25.4	-30.0	-30.0	-34.1	-27.0	-28.7	-16.7	1.0
Rubber	36.8	0.4	32.4	4.4	-21.4	-8.7	-22.5	1.3
Tapioca	-9.0	1.9	-0.5	-5.7	31.5	-8.7	181.1	0.5
Other fruits	-2.2	-2.6	-1.7	35.1	-9.2	-27.6	-14.4	0.5
Manufacturing	4.3	12.5	10.2	14.2	10.8	14.7	21.3	87.9
Food	2.0	1.2	-1.9	8.4	-3.6	2.4	1.9	5.6
- Sugar	-19.1	-20.2	-17.9	-15.5	-22.5	-29.5	-19.3	0.7
- Fish, canned, prepared, or preserved	14.7	-1.1	1.3	2.9	-5.5	-2.0	-6.9	0.7

Export Value of Major Product in US Dollar Term

%YoY	2024		2025				2026	Share Q1/26 (%)
	Year	Year	Q1	Q2	Q3	Q4	Q1	
Manufacturing	4.3	12.5	10.2	14.2	10.8	14.7	21.3	87.9
Food	2.0	1.2	-1.9	8.4	-3.6	2.4	1.9	5.6
- Meat of poultry, canned, prepared, or preserved	6.9	5.6	7.6	5.8	4.4	4.7	5.4	0.9
Beverages	11.0	1.3	4.6	15.5	-1.6	-13.0	-7.3	0.8
Rubber products	9.5	17.8	36.3	38.9	12.3	-4.8	4.7	2.0
Animal food	23.1	8.2	13.5	9.2	2.1	8.9	5.5	0.9
Electronics	22.6	46.9	43.2	50.4	43.8	49.4	57.3	19.6
- Computer	142.4	138.7	130.8	210.6	125.0	91.0	20.2	2.4
- Computer parts & accessories	26.0	33.0	50.4	37.7	18.9	30.3	45.4	6.2
- Integrated circuits & parts	-10.5	27.9	24.5	42.3	31.7	14.2	8.3	2.9
- Telecommunication equipment	33.0	46.2	24.6	17.4	55.2	83.0	140.1	7.6
Electrical appliances	-3.2	8.5	4.5	5.8	6.6	17.9	19.6	9.1
Metal & steel	6.7	13.9	6.7	15.9	13.7	19.3	24.4	5.5
Automotive	-3.8	2.5	1.7	0.6	5.0	2.6	4.3	12.1
- Passenger car	27.0	-2.3	42.5	39.7	-27.1	-36.2	-39.1	1.9
- Pick up and trucks	-7.8	18.2	3.0	-21.2	44.2	52.4	53.6	3.4
- Vehicle parts & accessories	3.1	8.2	7.4	15.5	6.4	4.2	3.8	5.5
Machinery & equipment	10.0	14.5	14.3	17.9	14.3	12.1	21.7	8.5
Aircrafts, ships, floating structures, and locomotive	-9.0	23.7	20.9	5.0	2.7	61.0	-18.0	1.1
Jewellery	4.8	20.2	4.0	9.4	22.2	48.9	107.3	5.5
Chemicals & petro-chemical products	2.9	0.9	7.0	3.3	-2.5	-3.4	2.0	5.6
Petroleum products	-9.6	-20.4	-5.5	-15.8	-33.2	-24.0	7.2	2.2
Fishery	1.2	0.3	-10.8	4.0	3.2	4.9	0.5	0.4
Crustaceans	-5.8	-0.3	-20.7	6.1	2.5	10.7	6.0	0.2
Other Exports	38.3	49.8	119.2	118.0	84.0	-41.2	54.0	6.1
Non-monetary gold (excl. articles of goldsmiths)	45.9	48.5	120.8	115.9	86.2	-41.4	60.2	5.9
Total Exports (Customs basis)	5.5	12.9	15.6	14.9	11.9	9.7	17.6	100.0
Exports, f.o.b. (BOP basis)	5.9	12.7	15.4	14.9	11.5	9.4	17.8	98.9
Export Value (exclude gold)	5.0	11.6	12.9	12.9	9.1	11.8	15.8	93.0

Source: Bank of Thailand

Exports to most major markets accelerated, particularly those to the U.S., ASEAN (5), China, and the EU (27). Exports to the U.S. grew by 41.8 percent, continuing from a 41.5 percent increase in the previous quarter. This followed a surge in exports of products exempted from the U.S. reciprocal tariffs under the IEEPA and section 122 under the Trade Act of 1974, including automatic data processing machines and parts, telephone sets and parts, and semiconductor devices, transistors, and diodes. However, exports of rubber products, and air conditioning machines and parts declined. **Exports to ASEAN (5)** increased by 24.3 percent, continuing from a 7.9 percent increase in the previous quarter, supported by growth in exports to Singapore and Malaysia. This was driven by higher exports of motor vehicles and parts, refined fuels, and automatic data processing machines and parts. However, exports of electronic integrated circuits, machinery and parts, and rice showed a decline. **Exports to China** expanded by 9.8 percent, accelerating from a 1.8 percent expansion in the previous quarter, driven by higher exports such as fresh, frozen, and dried fruit, automatic data processing machines and parts, and tapioca products. However, exports of rubber products, wood and wood products, and chemical products showed a decrease. **Exports to the EU (27)** grew by 20.1 percent, accelerating from a 13.1 percent expansion in the previous quarter, attributed to higher exports of automatic data processing machines and parts, precious stones and jewellery, and air conditioning machines and parts. However, exports of lenses, and polymers of ethylene in primary forms showed a decline. **Exports to Japan** grew by 7.1 percent, accelerating from a 0.2 percent growth previously, led by increased exports of motor vehicles and parts, prepared poultry, and other electrical equipment and parts. However, exports of electronic integrated circuits, beauty preparations, soap, and preparations for skin care, and telephone sets and parts showed a decline. **Exports to Australia** rose by 54.5 percent, accelerated from 11.3 percent in the previous quarter, driven by higher exports of motor vehicles and parts, air conditioning machines and parts, and rubber products. However, exports of automatic data processing machines and parts, polymers of ethylene in primary forms, and steel and its products showed a reduction. **Exports to Mexico** increased by 42.0 percent, continuing from a 31.6 percent increase in the previous quarter, driven by a rise in exports of motor vehicles and parts,

Exports to most major markets accelerated, particularly to the US, ASEAN (5), China, and the EU (27). Meanwhile, the export to CLMV, Middle East (15), and South Korea declined.

electrical transformers and parts, and electronic integrated circuits. However, exports of automatic data processing machines and parts, television receivers and parts, and other electrical equipment and parts showed a decrease. In contrast, **exports to CLMV** declined by 6.3 percent, due to lower shipments to Cambodia, driven by declines in refined fuels, motor vehicles and parts, and chemical products. However, exports of precious stones and jewellery, sugar, and air conditioning machines and parts increased. **Exports to the Middle East (15)** declined for the first time in eight quarters by 11.5 percent, driven by lower exports of motor vehicles and parts, air conditioning machines and parts, and precious stones and jewellery. However, exports of rice, polymers of ethylene in primary forms, and steel and its products expanded. **Exports to South Korea** declined for the third consecutive quarter by 0.9 percent, driven by lower exports of automatic data processing machines and parts, rubber products, and precious stones and jewellery. However, exports of motor vehicles and parts, air conditioning machines and parts, and polymers of ethylene in primary forms rose.

Export Value to Key Markets in US Dollar Term

%YOY	2024		2025				2026	Share Q1/26 (%)
	Year	Year	Q1	Q2	Q3	Q4	Q1	
Total Exports (Mil US\$) (Customs basis)	300,740	339,635	81,792	85,338	87,295	85,210	96,170	100.0
(%YoY)	5.5	12.9	15.6	14.9	11.9	9.7	17.6	
United States	13.6	32.0	25.6	33.9	26.4	41.5	41.8	23.3
China	3.2	12.6	19.7	18.4	10.8	1.8	9.8	10.0
Japan	-5.3	1.1	-0.1	2.0	2.5	0.2	7.1	6.5
ASEAN (9)	4.7	4.3	5.6	10.2	4.3	-2.2	10.8	20.6
- ASEAN (5)*	-0.8	6.9	6.1	4.5	9.0	7.9	24.3	12.9
- CLMV**	12.8	0.9	4.9	18.0	-2.4	-15.1	-6.3	7.7
EU (27) excluding UK	10.2	9.3	7.2	11.5	5.4	13.1	20.1	8.0
United Kingdom (UK)	3.0	5.5	6.9	18.0	6.9	-6.4	17.3	1.2
Middle East (15)***	7.1	6.3	11.3	1.9	1.2	10.8	-11.5	2.9
- Saudi Arabia	4.6	-8.8	-7.0	-15.1	-3.2	-10.1	-24.0	0.5
- United Arab Emirates	10.1	23.2	19.4	17.1	16.5	38.1	11.9	1.3
India	16.3	34.5	91.4	19.7	14.2	21.6	20.4	6.2
Australia	1.1	-2.5	-13.7	-4.1	-2.5	11.3	54.5	4.6
Hong Kong	-2.2	2.9	-5.6	15.2	0.8	1.7	13.8	3.5
Mexico	19.4	26.0	25.0	2.3	45.2	31.6	42.0	1.7
South Korea	-1.9	-3.4	-0.3	1.1	-8.2	-6.2	-0.9	1.5
Taiwan	-1.1	11.9	20.8	12.3	14.6	0.4	-1.8	1.4

Note: * ASEAN (5) consist of Brunei, Indonesia, Malaysia, Philippines, and Singapore

** CLMV consist of Cambodia, Laos, Myanmar, and Vietnam

*** Middle East (15) consists of United Arab Emirates, Bahrain, Egypt, Israel, Iraq, Iran, Jordan, Kuwait, Lebanon, Libya, Oman, Qatar, Saudi Arabia, Syria, Yemen.

Source: Bank of Thailand

Recent Developments in the US Trade Restrictive Measures and Risks Associated with Section 301 Tariff Actions

On 20 February 2026, the US Supreme Court ruled to revoke the Reciprocal Tariffs imposed under the International Emergency Economic Powers Act (IEEPA), under which Thai exports had previously been subject to an import tariff rate of 19 percent. In response, the US government invoked Section 122 of the Trade Act of 1974, introducing an import tariff of 10 percent¹ on goods from all trading partners for a period of 150 days, effective from 24 February to 24 July 2026. As a result, the average tariff rate imposed by the US on imports from Thailand and other major U.S. trading partners declined significantly. As shown in Figure 1, which plots the US average real effective tariff rate across all product categories for Thailand relative to competing countries, the tariff rate on Thai products declined to 5.3 percent in March 2026, compared with 8.2 percent in August 2025 (the reciprocal tariffs first came into effect). In comparison, the corresponding tariff rates for Vietnam, the Philippines, and Malaysia stood at 7.0 percent, 5.1 percent, and 4.2 percent, respectively. Furthermore, the impact of changes in U.S. import tariff rates weighted by the average import values before and after the implementation of Section 122 in major U.S. import markets (Figure 2) indicates that the replacement of IEEPA-based reciprocal tariffs with Section 122 tariffs led to a substantial decline in effective import tariff rates across major trading partners. The largest

¹ On 7 May 2026, the US Court of International Trade ordered the U.S. government to suspend the 10 percent import tariffs imposed on countries worldwide under Section 122. However, on 12 May 2026, the US Court of Appeals granted the U.S. government’s request to temporarily stay the earlier ruling of the U.S. Court of International Trade. As a result, the 10 percent import tariffs imposed under Section 122 on various countries may continue to be enforced while the legal proceedings remain under review.

Recent Developments in the US Trade Restrictive Measures and Risks Associated with Section 301 Tariff Actions (Cont.)

reductions were in Brazil, China, India, and Vietnam, where tariff rates declined by 15.56 percent, 9.95 percent, 8.45 percent, and 5.61 percent, respectively. Meanwhile, Thailand faced a reduction of 4.57 percent in the effective U.S. import tariff rate compared with the period during which reciprocal tariffs were in force.

Figure 1: The real effective tariff rate of the US across all product to Thailand and competing countries

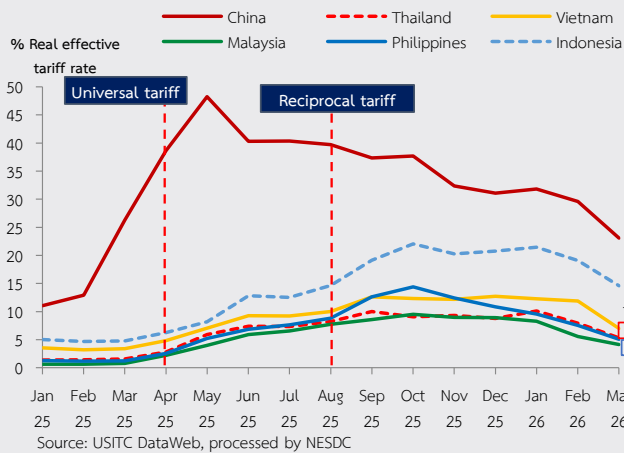
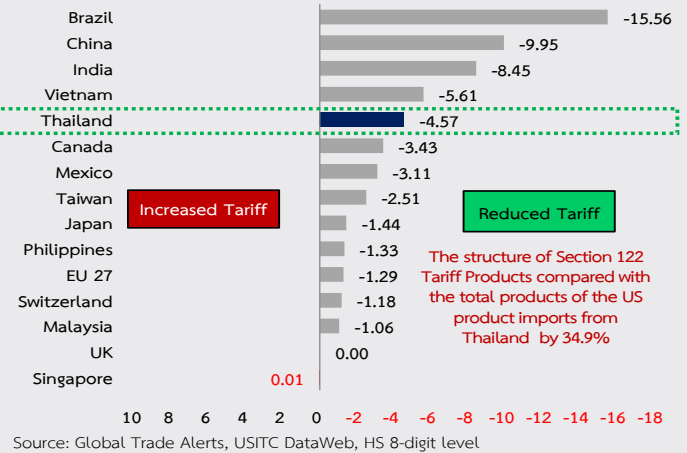


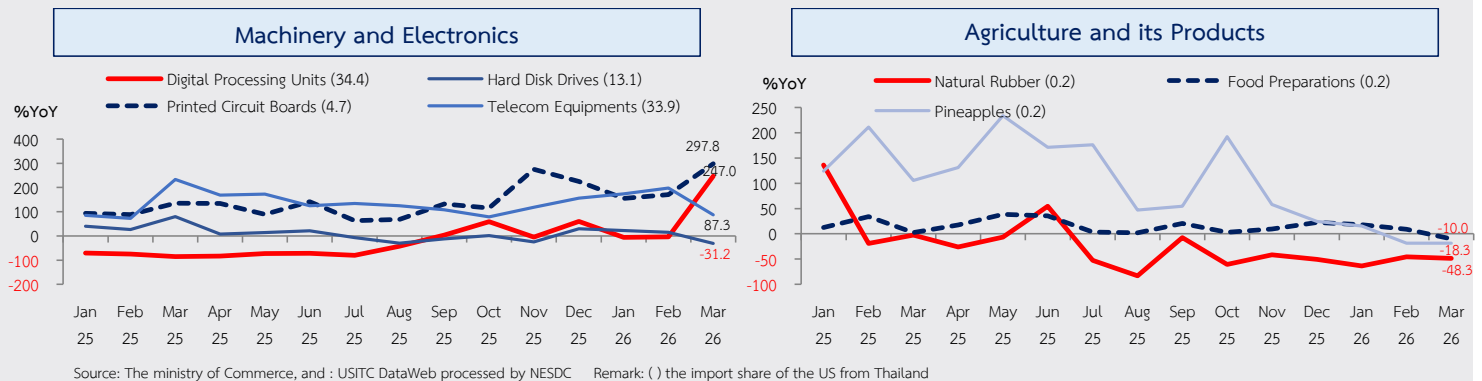
Figure 2: The reduction in U.S. import tariff rates after implemented Section 122 in major U.S. import markets



Among Thailand's major export products to the US, most saw significant declines in real effective US tariff rates in March 2026, consistent with the broader downward trend across all product categories. In particular: (1) electrical transformers (share of 3.6 percent of total Thailand exports to the US), for which the tariff rate declined to 8.68 percent from 17.10 percent in the previous month; (2) air conditioners (share of 2.9 percent), with the tariff rate falling to 13.30 percent from 18.67 percent; (3) solar cells (share of 1.8 percent), where the tariff rate declined to 10.00 percent from 16.99 percent; and (4) electrical control panels (share of 1.6 percent), for which the tariff rate decreased to 11.96 percent from 19.51 percent in the preceding month. Compared with major ASEAN countries, most export products faced effective tariff rates at comparable levels. Meanwhile, although effective US tariff rates on Chinese products declined, they remained relatively high overall.

Thailand's exports within product groups exempted from Section 122 import tariffs (Figure 3), which accounted for 61.2 percent of total US imports from Thailand, continued to expand. In March 2026, exports in these exempted categories recorded strong growth of 64.4 percent, led by categories already exempted under the reciprocal tariff measures — notably machinery and electronics. Key products included: (1) digital processing units (share of 34.4 percent), expanding by 247.0 percent; (2) telecom equipment (share of 33.9 percent), expanding by 87.3 percent; and (3) printed circuit boards (share of 4.7 percent), expanding by 297.8 percent. By contrast, exports of most agricultural and related products continued to contract, amid weakening demand and intensifying price competition in global markets.

Figure 3: Thai export products exempted from U.S. Section 122 measures



Recent Developments in the US Trade Restrictive Measures and Risks Associated with Section 301 Tariff Actions (Cont.)

Looking ahead, the US trade policy measures remain highly uncertain. The US government is likely to invoke additional laws to impose further import tariffs, raising the likelihood that Thailand will face higher US tariff rates going forward. In particular, under Section 301 of the Trade Act of 1974, Thailand is among the 16 trading partners currently subject to U.S. investigation, in relation to two major issues. (1) Structural excess capacity: The US has raised concerns regarding: (1.1) the rapid expansion of Thailand’s trade surplus with the US, particularly in key industries such as automobiles and auto parts, machinery and components, and rubber products; and (1.2) the relatively high level of excess capacity in Thailand’s manufacturing sector, reflected in low capacity utilization rate of below 60 percent, despite continued strong growth in exports to the US. (2) Forced labor: The US has reviewed policies and enforcement measures aimed at prohibiting imports produced using forced labor across 60 trading partners. At present, the Thai government, led by the Ministry of Commerce, has submitted the comments and clarifications on these issues to the US, and the current process is entering the public hearing stage involving relevant stakeholders. It is expected that the US will announce the investigation results by July 2026.

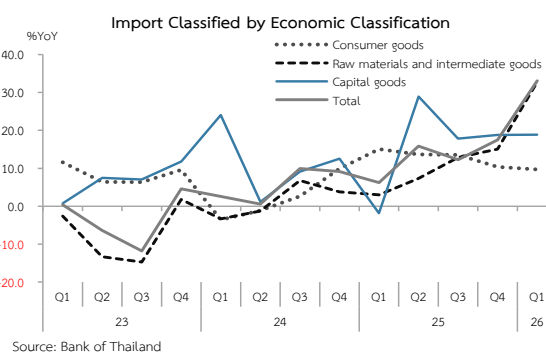
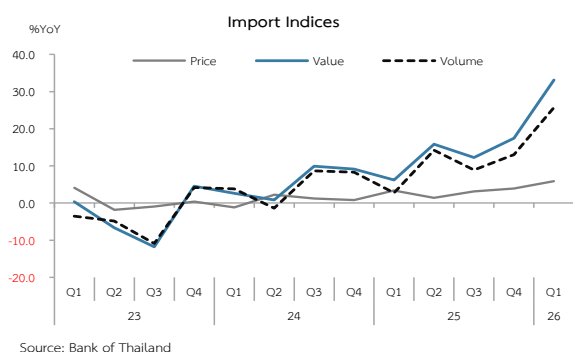
Table: Progress of U.S. Section 301 measures and related actions concerning Thailand (as of April 2026)

Issue	Countries Under Investigation	Nature of Measures/ Investigation	Affected Industries	Current Status	Next Steps
Structural Excess Capacity	16 countries	The US has raised concerns over production levels that are inconsistent with domestic or global demand (over-production), resulting in persistent trade surpluses with the US.	Automobiles and auto parts, machinery and components, and rubber products	The Ministry of Commerce and relevant agencies have submitted Thailand’s comments and clarifications to the US in accordance with the deadline (15 April 26).	<ul style="list-style-type: none"> - Public hearing process (28 April – 8 May 26) - Submission of rebuttals and stakeholder comments on the allegations raised (6 – 15 May 26) - Technical-level discussions with the Office of the United States Trade Representative (USTR) (13 – 14 May 26) The US is expected to announce the investigation results by July 26.
Forced Labor	60 countries	The US is reviewing policies and enforcement measures aimed at prohibiting imports of goods produced using forced labor.	Rice, textiles, yarn, personal protective equipment (PPE), and solar cells		

Remark: Compiled by NESDC

The import value in US dollar terms stood at 95.4 billion US dollars, marking the highest growth in eighteen quarters, surging by 33.1 percent, up from 17.5 percent in the previous quarter. This corresponded with a 25.7 percent rise in import volume, compared with a 13.0 percent increase in the previous quarter. Import prices rose by 5.9 percent, compared with a 3.9 percent expansion in the previous quarter. Excluding unwrought gold, the import value expanded by 25.6 percent, compared with a 14.8 percent increase in the previous quarter. **In Thai Baht terms**, the import value reached 3.018 trillion Baht, representing a 24.0 percent growth, accelerating from a 11.3 percent increase in the previous quarter.

Imports in US dollar terms expanded by 33.1 percent, reaching the highest growth in eighteen consecutive quarters.



By category, import values across all categories expanded. The import value of raw materials and intermediate goods grew by 32.8 percent, accelerating from 15.0 percent in the previous quarter. This was in line with a 29.6 percent increase in import volume, accelerating from a 16.4 percent rise in the preceding quarter, while import prices in this category increased for the first time in four quarters by 2.5 percent. Key products with increased import values included electronic parts and electrical appliances, base metal materials, and chemical and petrochemical products. **The import value of capital goods** increased by 18.9 percent, continuing from an 18.8 percent growth in the previous quarter, as import volume and prices rose by 14.8 percent and 3.5 percent, respectively. Products with increased import value included other machinery and mechanical appliances and parts, transformers, generators, motors, and accumulators, as well as measuring, checking, and precision instruments. **The import value of consumer goods** rose by 9.7 percent, continuing from a 10.4 percent expansion in the previous quarter, driven by increases in both import volume (4.1 percent) and import prices (5.4 percent). Key products with increased import value included mobile phones, jewellery (excluding pearls and precious stones), and textiles. Meanwhile, **the import value of other goods** grew by 105.8 percent, mainly due to an increase in imports of non-monetary gold (excluding goldsmiths' wares), which expanded by 155.1 percent, as well as the growth of unwrought gold imported by 60.2 percent compared with a 41.1 percent decrease in the previous quarter.

Import Value of Major Product in US Dollar Term

%YoY	2024		2025				2026	Share Q1/26 (%)
	Year	Year	Q1	Q2	Q3	Q4	Q1	
Consumer goods	2.0	13.1	15.1	13.7	13.6	10.4	9.7	11.3
Food, beverage & dairy products	10.3	3.5	17.3	8.8	-6.2	-2.6	-4.0	2.0
Cellular phone	8.7	13.3	2.7	13.7	18.6	17.3	23.9	1.3
Jewellery (excl. pearls & precious stones)	14.0	36.0	79.1	18.9	28.5	14.8	-3.0	1.0
Textiles	7.0	12.1	12.2	13.0	11.7	11.5	13.4	0.9
Household Electrical Appliances	30.6	33.4	46.6	25.9	35.8	28.0	26.2	0.9
Raw materials and intermediate goods	1.4	9.6	3.0	7.3	12.9	15.0	32.8	59.7
- Exclude fuel	4.6	16.9	6.5	14.8	21.4	24.6	45.6	50.1
Parts of electronics and electrical appliances	13.4	35.2	10.9	26.9	54.4	45.9	106.6	27.1
Materials of base metal	2.6	10.7	13.2	13.8	1.8	15.1	12.7	6.6
Chemicals & petro-chemical products	1.9	2.6	-2.9	4.3	1.0	8.4	9.4	6.4
Crude oil	-2.6	-12.3	-5.6	-15.1	-12.8	-16.2	-12.6	6.3
Natural gas	-18.4	-10.0	-2.6	-0.5	-18.9	-18.3	-16.3	1.7
Capital goods	11.5	15.5	-1.8	28.9	17.9	18.8	18.9	17.4
- Exclude computer	6.5	19.0	11.6	20.6	22.4	20.8	25.2	16.4
Other machinery and mechanical appliances & parts	5.0	28.6	24.8	37.4	27.6	25.0	29.3	7.9
Transformers, generators, motors, and accumulators	12.9	23.2	19.0	28.0	22.8	22.6	39.8	2.2
Measuring, checking, and precision instruments	-2.0	23.2	18.4	29.6	25.8	19.2	31.2	1.3
Computer	68.4	-9.7	-51.0	114.9	-24.5	-5.0	-34.1	1.0
Aircrafts, ships, floating structures, and locomotive	45.7	-3.4	-16.5	-36.3	24.7	28.0	-21.9	0.9
Other Imports	65.0	36.9	67.0	49.8	-6.9	47.8	105.8	11.6
Non-monetary gold (excl. articles of goldsmiths)	94.1	36.0	48.9	53.9	-11.3	56.9	155.1	10.0
Other imports, n.i.e.	1.9	40.7	130.7	29.1	11.6	12.9	-6.1	1.6
Total Imports (Customs basis)	5.9	12.9	6.6	14.8	12.6	17.5	32.4	100.0
Imports, f.o.b. (BOP basis)	5.5	13.0	6.2	15.8	12.2	17.5	33.1	90.3
Imports, f.o.b. (excl. gold)	2.7	11.6	4.4	13.5	13.7	14.8	25.6	80.3

Source: Bank of Thailand

Import Volume Indices by Economic Classification

Volume indices	2024					2025					2026
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1
Consumer goods	-1.2	-4.7	-3.2	-1.1	4.0	7.0	8.6	7.0	7.4	5.0	4.1
Raw materials and intermediate goods	2.2	-0.7	-2.7	7.4	5.3	10.7	2.1	10.3	14.0	16.4	29.6
Capital goods	9.9	24.6	0.4	7.2	8.6	10.7	-5.8	23.7	12.5	14.5	14.8
Total Imports	4.8	3.8	-1.4	8.6	8.3	9.7	2.7	14.2	8.9	13.0	25.7

Source: Bank of Thailand

Import Price Indices by Economic Classification

Price indices	2024					2025					2026
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1
Consumer goods	3.2	1.2	2.1	3.8	5.7	5.7	5.9	6.2	5.7	5.1	5.4
Raw materials and intermediate goods	-0.8	-2.7	1.5	-0.6	-1.4	-1.0	0.9	-2.7	-1.0	-1.2	2.5
Capital goods	1.4	-0.5	0.8	1.8	3.6	4.3	4.3	4.3	4.7	3.8	3.5
Total Imports	0.8	-1.2	2.2	1.2	0.8	3.0	3.4	1.4	3.1	3.9	5.9

Source: Bank of Thailand

Terms of trade declined for the fifth consecutive quarter, as import prices increased by 5.9 percent, outpacing a 2.3 percent expansion in export prices. As a result, the terms of trade index stood at 93.2, lower than 95.7 in the previous quarter and 96.5 in the same quarter of the previous year. This marks the seventeenth consecutive quarter in which the terms of trade have remained below 100.

Terms of trade declined for the fifth consecutive quarter.

The trade balance recorded a deficit of 0.3 billion US dollars in the first quarter of 2026, marking its first deficit in fourteen quarters, compared to a 1.4 billion US dollar surplus in the previous quarter and a 9.0 billion US dollar surplus in the same quarter of the previous year. In Thai Baht terms, the trade deficit stood at 9.6 billion Baht, compared with a 44.0 billion Baht surplus in the previous quarter and a 306.2 billion Baht surplus in the same quarter of the previous year.

Trade balance recorded a deficit for the first time in fourteenth quarters by 1.4 billion US dollars, compared to the surplus recorded in the previous quarter and the same quarter last year.

Term of trade

%YoY	2024					2025					2026
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1
Term of trade*	98.2	98.9	97.5	98.1	98.4	96.1	96.5	96.6	95.6	95.7	93.2
%YOY	0.6	2.5	-0.5	0.1	0.4	-2.2	-2.5	-1.0	-2.5	-2.8	-3.3

Note : *Term of trade : TOT represents the ratio between a country's export prices and its import prices. When Term of trade improves, it refers to a country that gains benefit from international trade due to export prices higher than import prices.

Source: Bank of Thailand

Production Side:

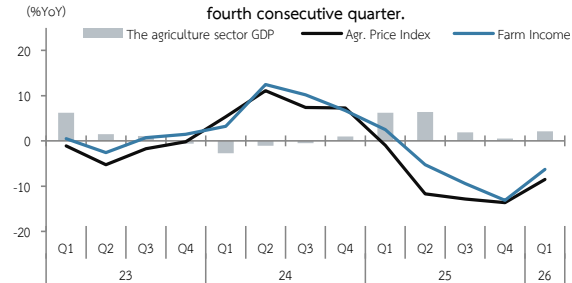
The agriculture, forestry, and fishing sector expanded by 1.2 percent, accelerating from a 0.6-percent growth in the previous quarter. This expansion was consistent with a 2.5-percent increase in the Agricultural Production Index, compared to a 0.6-percent growth in the preceding quarter, as production in the major crop category and livestock category grew for the fifth and third consecutive quarters, respectively, while the fishery category contracted. Key agricultural products with production expansion included **oil palm** (40.8 percent), **fruits** (7.7 percent); specifically, durian (139.0 percent), mangosteen (358.1 percent), and lychee (311.3 percent), **sugarcane** (6.4 percent), **rubber** (1.7 percent), and **maize** (6.8 percent). Conversely, production of **paddy**, **cassava**, and **white shrimp** declined by 2.6 percent, 9.2 percent, and 0.5 percent, respectively. Meanwhile, the **Agricultural Price Index decreased for the fifth consecutive quarter by 8.5 percent**, compared to a 13.7-percent decline in the previous quarter, following price drops in several major products, including **rubber** (-12.3 percent), **swine** (-15.0 percent), **paddy** (-7.0 percent), **sugarcane** (-22.3 percent), and **oil palm** (-14.1 percent), despite price increases in **cassava** (30.0 percent) and **broiler** (1.5 percent). As a result of the decline in agricultural prices, the Farm Income Index decreased for the fourth consecutive quarter by 6.3 percent, compared to a 13.1-percent contraction in the previous quarter.

The agriculture, forestry, and fishing; manufacturing; and accommodation and food service activities sectors expanded at an accelerated pace. Conversely, the wholesale and retail trade; transportation and storage; and construction sectors decelerated from the previous quarter.

The agriculture, forestry, and fishing sector grew for the ninth consecutive quarter, expanding by 1.2 percent, an acceleration from the 0.6-percent growth in the previous quarter. This expansion was primarily driven by increased production in the major crops and livestock categories, respectively, while the fishery category contracted.

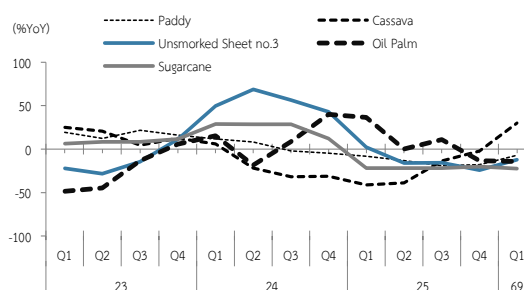
Meanwhile, the Agricultural Price Index decreased for the fifth consecutive quarter, which subsequently led to a decline in the Overall Farm Income Index for the fourth consecutive quarter.

The agricultural sector's GDP expanded, accelerating from the previous quarter. Meanwhile, the prices of agricultural products continued to decline for the fifth consecutive, resulting in overall farm income decreasing for the fourth consecutive quarter.



Source: Office of Agricultural Economics

The prices of fourth major agricultural products declined, namely paddy, rubber, sugarcane, oil palm. Meanwhile, cassava's price increased.

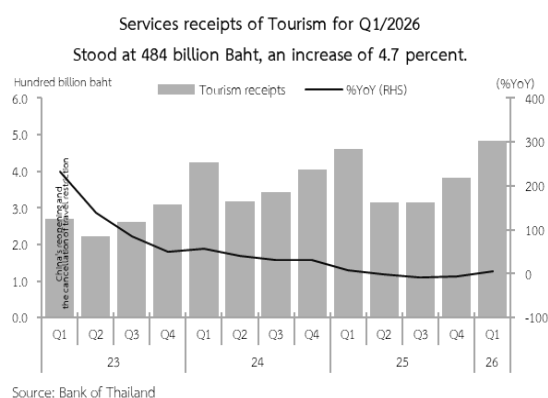
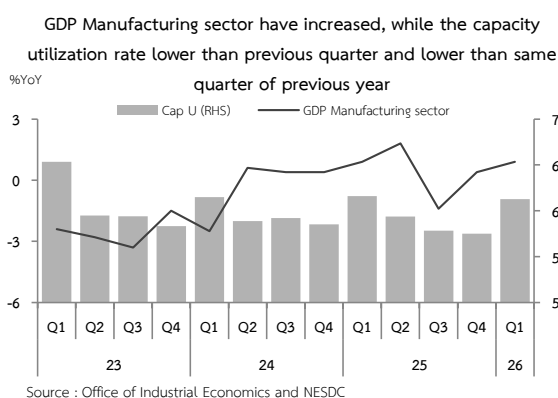


Source: Office of Agricultural Economics

The manufacturing sector expanded by 0.9 percent, improving from a 0.4-percent expansion in the previous quarter. This was driven by growth across all manufacturing groups. **(1) The manufacturing industries with an export share of 30 – 60 percent** expanded. **Key products that recorded growth included:** the manufacture of motor vehicles (increased by 1.7 percent), sugar production (increased by 13.9 percent), and prepared animal feeds (increased by 6.3 percent), following increased foreign demand for prepared animal feeds. However, **key products that recorded a decrease included:** the manufacture of rubber tires and tubes; retreading and rebuilding of rubber tires (decreased by 0.7 percent), and the manufacture of motorcycles (decreased by 4.3 percent). **(2) The manufacturing industries for domestic consumption (with an export share below 30 percent)** returned to expansion. **Key products that recorded growth included:** refined petroleum products (increased by 0.6 percent), following accelerated production in March 2026 to support domestic demand and prevent crude oil shortages; meat processing (except poultry) (increased by 0.1 percent), especially frozen and chilled swine meat; and basic chemicals (increased by 20.8 percent), following an increase in the production of caustic soda, chlorine, and ethanol. However, key products with significant contractions included: plastics and synthetic rubber in primary forms, which declined for the first time in six quarters by 3.7 percent, and other plastic products (decreased by 0.1 percent). **(3) The export-oriented manufacturing industries (with an export share of more than 60 percent of total production)** expanded. **Key products that recorded growth included:** electronic components and boards manufacturing (increased by 12.1 percent); and computers and peripheral equipment manufacturing (increased by 27.8 percent). However, **key products that recorded a decrease included:** the manufacturing of authentic jewelry and related articles, which declined by 0.2 percent, amid broader production increases across several other key items. **The average capacity utilization rate** in this quarter stood at 61.26 percent, higher than 57.50 percent in the previous quarter, but lower than 61.61 percent in the same quarter last year. Among the 30 key industries, 2 industries operated with a capacity utilization rate above 80.00 percent, including: sugar production (117.16 percent) and refined petroleum products (87.46 percent). Meanwhile, seven industries had capacity utilization rates below 50 percent, such as: plastic packaging products (49.35 percent), household appliances (49.07 percent), and palm oil production (48.38 percent).

The manufacturing sector expanded for the second consecutive quarter by 0.9 percent, driven by all manufacturing groups.

The average capacity utilization rate stood at 61.26 percent, higher than 57.50 percent in the previous quarter, but lower than 61.61 percent in the same quarter of last year.



The accommodation and food service activities sector expanded by 2.2 percent, accelerating from a 0.6-percent growth in the previous quarter, in line with the increase in total tourism receipts from both international and domestic tourists. In this quarter, **domestic tourism by Thai travelers (Thai Teaw Thai)** recorded 71.12 million trips, increasing by 2.0 percent, compared with a 1.2-percent increase in the previous quarter. The top five provinces with the highest number of Thai visitors (excluding Bangkok) were Chonburi at 3.576 million person-trips (accounting for 5.03 percent), Kanchanaburi at 3.479 million person-trips (accounting for 4.89 percent), Phetchaburi at 2.863 million person-trips (accounting for 4.03 percent), Prachuap Khiri Khan at 2.661 million person-trips (accounting for 3.74 percent), and Phra Nakhon Si Ayutthaya at 2.481 million person-trips (accounting for 3.49 percent), respectively. **The domestic tourism receipts¹** reached 275 billion baht, increasing by 2.2 percent, compared with a 2.4-percent expansion in the previous quarter. The top five provinces with the highest real receipts from Thai visitors (excluding Bangkok) were Chonburi (accounting for 8.11 percent), Chiang Mai (accounting for 6.65 percent), Chiang Rai (accounting for 4.63 percent), Prachuap Khiri Khan (accounting for 4.29 percent), and Phuket (accounting for 4.10 percent), respectively.

The accommodation and food service activities sector continued to expand for the seventeenth consecutive quarter by 2.2 percent, accelerating from the previous quarter, supported by an increase in total tourism receipts from both international and domestic tourist expenditures.

¹ Thai tourism receipts from the summary table of accommodation situations, number of visitors, and visitor revenue from the Ministry of Tourism and Sports (MOTS).

The number of international tourist arrivals was 9.317 million (accounting for 91.48 percent compared to the pre-COVID-19 period), a decrease of 2.4 percent compared with a 6.3-percent decline in the previous quarter. The top five international tourist arrivals by nationality included China with 1.489 million (accounting for 15.98 percent), Malaysia with 0.959 million (accounting for 10.29 percent), Russia with 0.726 million (accounting for 7.79 percent), India with 0.626 million (accounting for 6.71 percent), and South Korea with 0.412 million (accounting for 4.42 percent), respectively. Considering tourists by distance, **short-haul tourists**² stood at 5.745 million (accounting for 61.66 percent), a decrease of 5.7 percent compared with a 12.6-percent decline in the previous quarter. Meanwhile, **long-haul tourists**³ stood at 3.572 million (accounting for 38.34 percent), increasing by 3.3 percent compared with a 7.9-percent expansion in the previous quarter. This led to **international tourism receipts**⁴ amounting to 484 billion baht (accounting for 96.94 percent compared to the pre-COVID-19 period), recording the first increase in four quarters at 4.7 percent, compared with a 5.4-percent decline in the previous quarter. The increase in both domestic tourism receipts and tourism service receipts resulted in **total tourism receipts**⁵ of 759 billion baht in this quarter, marking the first increase in three quarters at 3.8 percent, compared with a 2.0-percent decline in the previous quarter. **The average occupancy rate** in this quarter stood at 74.90 percent, lower than 76.05 percent in the previous quarter and lower than 74.93 percent in the same quarter of last year.

The wholesale and retail trade; repair of motor vehicles and motorcycles sector increased by 6.0 percent, decelerating from 6.7-percent expansion in the previous quarter. This was consistent with the increase in the composite index for wholesale and retail trade; repair of motor vehicles and motorcycles, as follows: (1) **Wholesale trade index (except motor vehicles and motorcycles)** increased by 5.1 percent, an acceleration from a 4.4-percent growth in the previous quarter, following the increase in wholesale of household goods and other specialized wholesale (such as fuels and ores), while the wholesale of food, beverages, and tobacco declined; (2) **Wholesale, retail trade, and repair of motor vehicles and motorcycles index** continued to record high growth for the third consecutive quarter at 14.4 percent, compared with a 29.6-percent increase in the preceding quarter, following the expansion in the sale of motor vehicles, maintenance and repair of motorcycles and parts, and maintenance and repair of motor vehicles, respectively, while the sale of motor vehicle parts and accessories decreased; and (3) **Retail trade index (except motor vehicles and motorcycles)** rose by 4.9 percent, compared with a 4.3-percent expansion in the previous quarter, driven by the increase in non-store retail (such as direct sales, vending machines, and online retail), retail sale in non-specialized stores, and retail sale of automotive fuel, respectively.

The transportation and storage sector increased by 3.6 percent, accelerating from a 3.2-percent expansion in the previous quarter, driven primarily by the increase in air transport services and land and pipeline transport services. This included (1) **air transport services**, which increased by 4.6 percent, compared with a 2.8-percent increase in the previous quarter, mainly following the increase in the volume of domestic flights (accounting for 62.38 percent of the total volume), which increased by 9.7 percent, while the volume of international flights (accounting for 37.62 percent of the total volume) decreased by 2.1 percent; (2) **land and pipeline transport services**, which increased by 2.9 percent, compared with a 3.6-percent increase in the previous quarter, in line with the increase in diesel consumption, gasoline consumption, and the number of trucks; and (3) **water transport services**, which decreased by 1.0 percent, compared with a 2.6-percent decline in the previous quarter, mainly due to the decline in marine passenger transport. Meanwhile, warehousing and support activities for transportation increased by 4.5 percent, compared with a 6.3-percent expansion in the previous quarter, while postal and courier activities increased by 12.0 percent, compared with a 4.5-percent expansion in the previous quarter.

Total tourism receipts in this quarter stood at 759 billion baht, increasing by 3.8 percent.

The average occupancy rate stood at 74.90 percent, lower than 76.05 percent in the previous quarter and lower than 74.93 percent in the same quarter of last year.

The wholesale and retail trade; repair of motor vehicles and motorcycles sector expanded for the twentieth consecutive quarter by 6.0 percent, compared with a 6.7-percent growth in the previous quarter.

The transportation and storage sector increased for the eighteenth consecutive quarter by 3.6 percent, compared with an expansion of 3.2 percent in the previous quarter, driven primarily by the increase in air transport services, and land and pipeline transport services.

² International tourists in the short-haul market group with a flight time of less than 6 hours, including tourists from the Asia-Pacific and Middle East regions.

³ International tourists in the long-haul market group with a flight time of more than 6 hours, including tourists from Europe, the Americas, and Africa.

⁴ International tourism receipts from the balance of payments table, the Bank of Thailand (BOT).

⁵ Total tourism revenue refers to the sum of international tourism receipts and tourism receipts from Thai travelers.

The construction sector expanded by 6.2 percent, decelerating from an 11.2-percent expansion in the previous quarter, driven by the slowdown in public construction and private construction. In this quarter: **(1) Public construction** grew by 8.3 percent, slowing down from a 15.6-percent expansion in the previous quarter. **Government construction** expanded by 11.8 percent, decelerating from a 24.1-percent expansion in the previous quarter. This was because the government implemented measures to accelerate budget disbursement and public spending in the first and second quarters of fiscal year 2025, resulting in accelerated disbursement for key construction projects such as the national highway network construction project, the maintenance and management of highway networks and bridges, and the water resource development project to increase irrigation areas. Meanwhile, **state enterprise construction** expanded by 2.3 percent, compared to a 3.3-percent decrease in the previous quarter, following the increase in investment disbursement for key infrastructure development, such as the Rama III - Dao Khanong - Western Bangkok Outer Ring Road Expressway project, the Laem Chabang Port Development Project Phase 3, the project to improve the efficiency of urban and economic area waterworks, and the Bang Yai - Bang Sue section. **(2) Private construction** increased by 3.0 percent, decelerating from a 4.8-percent expansion in the previous quarter. This was due to the following: residential construction increased by 2.1 percent, slowing down from a 4.4-percent expansion in the previous quarter; non-residential construction increased by 4.9 percent, slowing down from a 6.5-percent expansion in the previous quarter, with industrial building construction expanding by 9.4 percent and commercial building construction expanding by 1.8 percent; and other construction increased by 2.4 percent, decelerating from a 4.1-percent expansion in the previous quarter. **The Construction Material Price Index (CMI)** increased by 1.0 percent, compared to 0.2 percent in the previous quarter. This was driven by price increases in the cement category (4.7 percent), the electrical and plumbing equipment category (2.7 percent), and the concrete products category (1.4 percent). Meanwhile, prices of key construction materials declined, such as the steel category (-1.0 percent), the sanitary ware category (-2.6 percent), and the plastering materials category (-1.2 percent).

Employment: Total employment expanded for the first time in three quarters, driven by a rebound in agricultural employment and a robust expansion in non-agricultural employment, particularly in the manufacturing; wholesale and retail trade, repair of motor vehicles and motorcycles; and accommodation and food service activities sectors, respectively. Meanwhile, the unemployment rate was higher than in both the previous quarter and the same quarter of last year. In the first quarter of 2026, the number of employed persons totaled 41.19 million, representing a 4.7-percent increase compared to a 0.9-percent contraction in the previous quarter. **Agricultural employment** (accounting for 27.32 percent of total employment) rose for the first time in nine quarters by 6.2 percent, compared to a 3.4-percent decline in the preceding quarter, consistent with the increased production of major agricultural commodities such as oil palm, fruits, sugarcane, and rubber. **Non-agricultural employment** (accounting for 72.68 percent of total employment) continued to expand for the sixteenth consecutive quarter by 4.0 percent, accelerating from a 0.2-percent growth in the previous quarter. This expansion followed the increase in employment particularly in manufacturing (2.2 percent); wholesale and retail trade, repair of motor vehicles and motorcycles (7.3 percent); and accommodation and food service activities (1.5 percent), and construction sector (0.4 percent). **The unemployment rate** for this quarter stood at 0.94 percent, higher than 0.70 percent in the previous quarter and 0.89 percent in the same quarter of the previous year. **The average number of unemployed persons** reached 3.930 hundred thousand, up from 2.800 hundred thousand in the previous quarter and 3.580 hundred thousand in the same quarter last year.

The construction sector expanded by 6.2 percent, a deceleration from the 11.2-percent expansion in the previous quarter, driven by the slowdown in public construction, particularly government construction, and private construction.

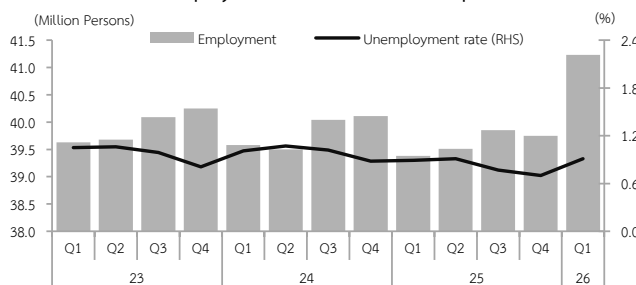
The Construction Material Price Index (CMI) increased for the seventh consecutive quarter by 1.0 percent, mainly driven by price increases in the cement category, the electrical and plumbing equipment category, and the concrete products category.

The number of employed persons increased for the first time in three quarters, following the sixteenth consecutive quarter of expansion and reaching its highest level in nineteen quarters for non-agricultural employment, coupled with the return to growth for the first time in nine quarters for agricultural employment.

The unemployment rate stood at 0.91 percent, higher than both the previous quarter and the same quarter of the previous year.

Employment increased by 4.6 percent following an increased in agricultural and non-agricultural sectors employment.

Unemployment rate was low at 0.94 percent.



Source: National Statistical Office

Employed Persons by Industry

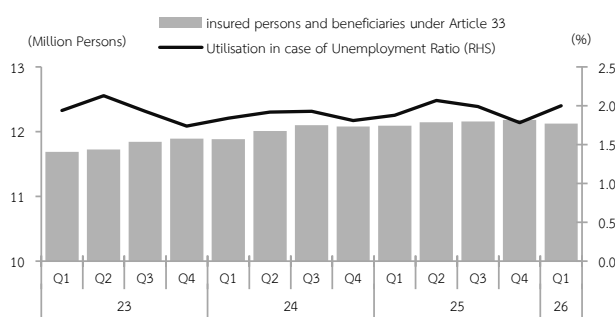
%YOY	Share	2024		2025				2026
		Year	Year	Q1	Q2	Q3	Q4	Q1
Employed	100.00	-0.3	-0.4	-0.5	0.02	-0.5	-0.9	4.6
- Agricultural	27.32	-4.4	-2.2	-3.1	-0.9	-2.9	-3.4	6.2
- Non-Agricultural	72.68	1.5	0.4	0.5	0.4	0.6	0.2	4.0
Manufacturing	15.66	0.4	3.5	-0.4	0.1	2.6	1.2	2.2
Construction	5.72	2.0	-6.2	-5.1	-3.7	-5.4	-7.4	0.4
Wholesale and retail trade; repair of motor vehicles and motorcycles	17.45	-0.7	-2.4	-3.1	-1.2	1.5	-0.8	7.3
Accommodation and food service activities	8.79	7.7	0.8	3.5	3.1	-0.6	-1.1	1.5
Total labor force (Million persons)		40.36	40.16	40.09	40.11	40.20	40.13	41.91
Employed (Million persons)		39.81	39.65	39.38	39.51	39.85	39.75	41.19
Unemployment (Million persons)		0.402	0.324	0.358	0.366	0.310	0.280	0.393
Unemployment Rate (%)		1.00	0.81	0.89	0.91	0.77	0.70	0.94

Source : National Statistical Office (NSO)

Labor in the Social Security System: The total number of insured persons in the social security system declined for the first time in twentieth quarters. In the first quarter of 2026, total insured persons decreased by 0.3 percent, compared with a 0.2-percent expansion in the previous quarter. This comprised **voluntary insured persons under Article 39** (accounting for 6.68 percent), which declined for the fifteenth consecutive quarter by 2.8 percent, following a 4.0-percent contraction in the preceding quarter; and **voluntary insured persons under Article 40** (accounting for 44.29 percent), which decreased by 0.4 percent, compared with a 0.2-percent growth in the previous quarter. In contrast, **compulsory insured persons under Article 33** (accounting for 49.02 percent) increased by 0.3 percent, slowing down from a 0.8-percent growth in the previous quarter. Meanwhile, **the average number of insured persons receiving unemployment benefits under Article 33** reached 2.424 hundred thousand, higher than the 2.174 hundred thousand in the previous quarter and 2.275 hundred thousand in the same quarter last year. Consequently, **the proportion of insured persons receiving unemployment benefits under Article 33** in this quarter stood at 2.00 percent, higher than 1.78 percent in the previous quarter and 1.89 percent in the same quarter of the previous year.

The number of insured persons in the social security system declined for the first time in twentieth quarters by 0.3 percent, following the decrease in voluntary insured persons under Section 39 and Section 40, respectively. In contrast, compulsory insured persons under Section 33 continued to expand for the eighteenth consecutive quarter.

There are 12.126 million insured persons and beneficiaries under Article 33 and 2.00 percent of them are receiving unemployment benefits



Source: The Social Security Office, Ministry of labour, Calculated by NESDC

Number of social security beneficiaries

Registered Applicants (Thousand persons)	2024		2025				2026
	Year	Year	Q1	Q2	Q3	Q4	Q1
Insured Persons (article 33) ^{1/}	12,081	12,184	12,094	12,145	12,159	12,184	12,126
Insured Persons (article 39) ^{2/}	1,720	1,650	1,701	1,661	1,646	1,650	1,653
Insured Persons (article 40) ^{3/}	11,012	11,035	11,003	11,009	11,022	11,035	10,957
Total Insured Persons	24,813	24,869	24,799	24,814	24,828	24,869	24,736
Utilisation in case of Unemployment	218	217	228	252	242	217	242
Utilisation in case of Unemployment Ratio (%)	1.80	1.78	1.89	2.07	1.99	1.78	2.00

Source : Social Security Office (SSO), Ministry of labour

Note: ^{1/} Insured Persons (article 33) are employees of private enterprises that employ at least 1 employee. Those Insured Persons must be over 15 years of age, but under 60 years of age

^{2/} Insured Persons (article 39) are individuals who resigned from private enterprises (previously insured persons under article 33) but wants to maintain social security rights. Therefore, they voluntarily applied for social security rights under article 39

^{3/} Insured Persons (article 40) are neither persons who are currently employed by private enterprises (article 33) nor has never applied to be an insured person under article 39. Insured persons under article 40 must be a self-employed person or informal workers age who must be over 15 years of age, but under 60 years of age.

The proportion of insured persons receiving unemployment benefits under Section 33 stood at 2.00 percent, higher than 1.78 percent in the previous quarter and 1.89 percent in the same quarter of the previous year.

Fiscal Conditions:

On the revenue side, in the second quarter of fiscal year 2026 (January – March 2026), net government revenue collection totaled 602.329 billion Baht, an increase of 3.7 percent compared to the same period of the previous year. The agencies that recorded higher revenue collection compared to the same quarter of the previous year include: (i) The Revenue Department increased by 2.8 percent, primarily attributable to the collection of value-added tax (VAT) on domestic consumption. (ii) The Excise Department increased by 2.6 percent, mainly driven by oil and oil products excise tax and automobile tax. This expansion is consistent with the growth in registrations of Battery Electric Vehicles (BEVs) and Hybrid Electric Vehicles (HEVs), which increased by 125.9 percent and 26.5 percent, respectively. (iii) The revenue remittance from state-owned enterprises increased by 18.7 percent, resulting from the carry-over revenue remittance from the Electricity Generating Authority of Thailand (EGAT) and dividend payments from PTT Public Company Limited. and (iv) Remittances from other government agencies increased by 3.1 percent, primarily due to the transfer of surplus proceeds from bond sales (premiums) to cover the fiscal deficit. However, revenue collection by the Thai Customs Department decreased by 1.7 percent compared to the same period last year. This decline was due to the increased utilization of tax benefits under Free Trade Agreements (FTAs), combined with a slowdown in certain import categories, such as chemical fertilizers and energy products.

For the first half of the fiscal year 2026, net government revenue collection totaled 1,243.788 billion Baht, up 3.7 percent year-on-year and 0.6 percent above the estimates. Key factors included: (i) Carry-over revenue from EGAT and higher-than-estimated dividend payments from PTT due to improved performance. (ii) Remittances of bond sale premiums for deficit financing. (iii) The 1 Baht per liter increase in the excise tax rate for gasoline and diesel. Nevertheless, tax refunds by the Revenue Department were 23.674 billion Baht (11.8 percent) higher than the estimates, resulting from the policy to expedite corporate income tax refunds to enhance liquidity for the private sector.

Government's Net Revenue Collection: The second quarter of fiscal year 2026

(January - March 2026)

Unit: Million Baht

Sources of Revenue	FY2025	FY2026	Compare with the		Budgeted Target FY2026	Compare with Budgeted	
			FY2025			Target FY2026	
			Amount	%	Amount	%	
1. Revenue Department	495,661	509,655	13,994	2.8	505,760	3,895	0.8
2. Excise Department	142,151	145,915	3,765	2.6	150,061	-4,146	-2.8
3. Customs Department	28,462	27,989	-473	-1.7	29,900	-1,911	-6.4
Revenue From 3 Departments	666,274	683,559	17,286	2.6	685,721	-2,162	-0.3
4. State-Owned Enterprises	27,116	32,190	5,075	18.7	24,847	7,343	29.6
5. Other Agencies	43,815	44,718	903	2.1	42,618	2,100	4.9
5.1 Other Agencies	40,853	42,126	1,272	3.1	40,901	1,225	3.0
5.2 Other Agencies	2,961	2,592	-369	-12.5	1,717	875	51.0
Total Revenue (Gross)	737,204	760,468	23,264	3.2	753,186	7,282	1.0
Deductions	124,154	121,110	-3,044	-2.5	129,436	-8,326	-6.4
Total Revenue (After Deductions)	613,050	639,357	26,307	4.3	623,750	15,607	2.5
VAT Distribution for Local Administrative Organizations (LAOs)	32,016	37,028	5,012	15.7	33,522	3,506	10.5
Total Revenue (Net)	581,034	602,329	21,295	3.7	590,228	12,101	2.1

Source: Fiscal Policy Office

On the expenditure side, In the second quarter of fiscal year 2026 (January – March 2026), total budget disbursement amounted to 910.6 billion Baht⁶, representing a 0.6 percent decrease compared to the same quarter of the previous year, in which total budget disbursement consisted of: **(i) the 2026 annual budget disbursement**, which stood at 773.9 billion Baht, a decrease of 1.3 percent compared to the same quarter last year. The disbursement rate was 20.5 percent, compared to 20.9 percent in the same quarter of the previous year. Within this amount, **current expenditure disbursement** totaled 651.0 billion Baht, a decrease of 2.1 percent. This decline was due to a high base in the same period of the previous year, which included a 30.3 billion Baht⁷ disbursement for

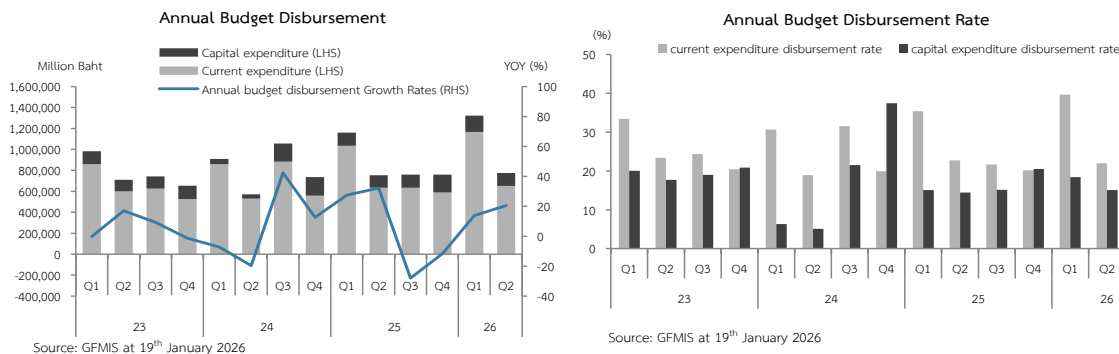
In Q2/FY2026, net government revenue collection increased by 3.7 percent compared to the same quarter of the previous year and was 2.1 percent higher than the estimates.

In Q2/FY2026, total budget disbursement decreased by 0.6 percent. The increase is primarily due to 2026 annual budget disbursement and state-owned enterprises' capital expenditure.

⁶ Total budget disbursement consists of (i) the annual budget disbursement, (ii) the carry-over budget disbursement, and (iii) the state-owned enterprises' capital expenditure budget. This includes domestic investments by PTT Public Company Limited and its affiliated companies, excluding capital expenditures allocated from the annual and carry-over budgets amounting to 10,266.9 million Baht.

⁷ Economic Stimulus Program for Senior Citizens: The government distributed 10,000 Baht each to 3,025,596 eligible individuals.

the elderly economic stimulus package in January 2025. The disbursement rate for current expenditure was 22.0 percent, compared to 22.7 percent in the same quarter last year. Conversely, **capital expenditure disbursement** was marked at 122.9 billion Baht, an increase of 2.6 percent from the same quarter last year. This growth was driven by an 18.7 percent expansion in land and construction categories. The capital disbursement rate was 15.1 percent, compared to 14.4 percent in the same quarter of the previous year.



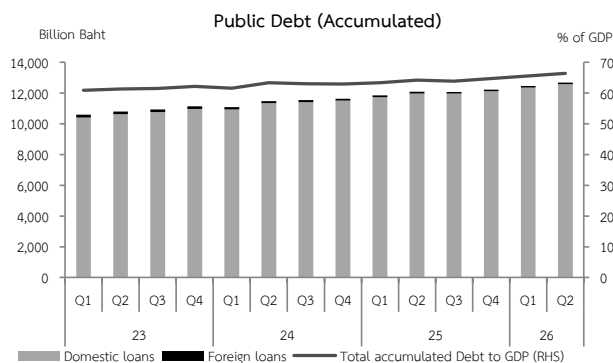
(ii) The carry-over budget disbursement amounted to 76.0 billion Baht, representing a 12.0 percent increase compared to the same period last year. The total disbursement rate was 23.8 percent, consisting of a current expenditure disbursement rate of 23.6 percent and a capital expenditure disbursement rate of 23.8 percent. **(iii) State-owned enterprises’ (SOEs) capital expenditure** (including domestic investments by PTT Public Company Limited and its affiliates) totaled 71.0 billion Baht⁸, a 3.5 percent decrease from the same quarter of the previous year. This was primarily due to lower disbursement from PTT Public Company Limited and its subsidiaries, National Telecom Public Company Limited (NT), the State Railway of Thailand (SRT), Airports of Thailand Public Company Limited (AOT), and Dhanarak Asset Development Company Limited (DAD). In the second quarter of fiscal year 2026, the top five SOEs with the highest disbursement values were PTT Public Company Limited and its subsidiaries, the State Railway of Thailand (SRT), the Mass Rapid Transit Authority of Thailand (MRTA), the Electricity Generating Authority of Thailand (EGAT), and the Provincial Electricity Authority (PEA).

For the first half of the fiscal year 2026, total budget disbursement was 2,426.5 billion Baht, increasing by 6.5 percent from the same period last year. This resulted from: **(i) The 2026 annual budget disbursement**, amounting to 2,095.6 billion Baht, an increase of 7.7 percent. The disbursement rate was 55.4 percent, higher than 51.8 percent in the same period of the previous year. Within this amount, current expenditure disbursement totaled 1,817.9 billion Baht, representing a 6.9 percent increase, with a disbursement rate of 61.3 percent compared to 58.2 percent last year. Capital expenditure disbursement was 277.7 billion Baht, reflecting a 13.4 percent increase driven by the expansion in land and construction, equipment, and other expenditure categories. The disbursement rate for capital expenditure stood at 34.1 percent, higher than the 29.5 percent in the same period last year. **(ii) The disbursement of the carry-over budget** stood at 187.2 billion Baht, increasing by 10.8 percent. This is equivalent to a disbursement rate of 58.6 percent, which was lower than the 62.2 percent recorded in the same period of the previous year. **(iii) The State-owned enterprises’ capital expenditure** budget (including domestic investments by PTT Public Company Limited and its affiliates) was disbursed for 172.1 billion Baht⁹, reflecting a 7.3 percent decrease from the same period last year. Five state-owned enterprises (SOEs) with the highest capital expenditure included PTT Public Company Limited and its affiliated companies, the State Railway of Thailand (SRT), the Provincial Electricity Authority (PEA), the Mass Rapid Transit Authority of Thailand (MRTA), and the Electricity Generating Authority of Thailand (EGAT).

For the first half of fiscal year 2026, total budget disbursement increased by 6.5 percent. The increase is primarily due to the 2026 annual budget disbursement and carry-over budget disbursement.

⁸ Includes capital expenditure allocated from the annual budget and carry-over budget amounting to 10,266.9 million Baht.

⁹ Includes capital expenditure allocated from the annual budget and carry-over budget amounting to 28,534.4 million Baht.



Source: Public Debt Management Office

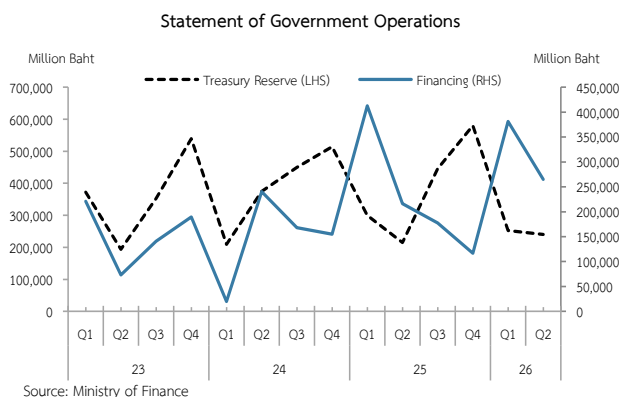
Public Debt: As of the end of the second quarter of fiscal year 2026 (March 2026), public debt stood at 12.68 trillion Baht, equivalent to 66.38 percent of GDP, compared to 65.64 percent in the previous quarter. The total public debt comprised 12.59 trillion Baht in domestic loans (99.3 percent of total public debt) and 94.1 billion Baht in foreign loans (0.7 percent). Classified by agency, government debt amounted to 11.47 trillion Baht (90.5 percent), followed by non-financial state-owned enterprise debt at 1.05 trillion Baht (8.3 percent), financial state-owned enterprise debt (Government guaranteed) at 123.6 billion Baht (1.0 percent), and other government agency debt at 33.2 billion Baht (0.3 percent).

At the end of March 2026, public debt stood at 66.4 percent of GDP, up from 65.6 percent in the previous quarter.

Government's Fiscal Balance on Cash Basis: At the end of the second quarter of fiscal year 2026 the budgetary balance recorded a deficit of 250.2 billion Baht, along with a surplus of 27.1 billion Baht in the non-budgetary balance. Additionally, the government managed cash flow through borrowing of 265.1 billion Baht. As a result, the cash balance after debt financing showed a net deficit of 12.2 billion Baht. The beginning treasury reserve stood at 252.9 billion Baht, resulting in a fiscal balance of 240.6 billion Baht at the end of March 2026.

At the end of March 2026, the fiscal balance stood at 240.6 billion Baht.






For the first half of the fiscal year 2026, the budgetary balance recorded a deficit of 1.04 trillion Baht, along with a deficit of 54.2 billion Baht in the non-budgetary balance. Additionally, the government managed its cash balance through borrowing of 646.1 billion Baht. Consequently, the cash balance after debt financing recorded a net deficit of 339.7 billion Baht.







Source: Ministry of Finance

The promulgation of the Emergency Borrowing Decree Authorizing the Ministry of Finance to Borrow Fund with a budget limit of 400 Billion Baht

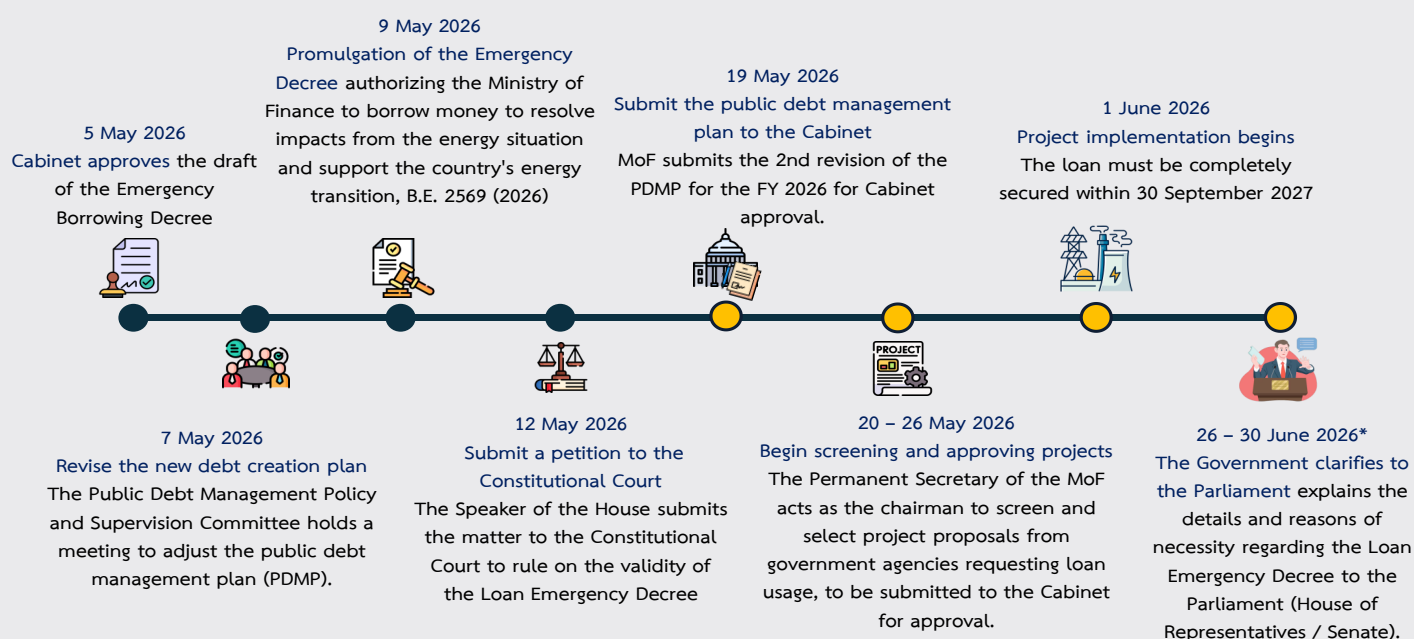
Emergency Borrowing Decree authorizing **the Ministry of Finance to borrow funds with a budget limit of 400 billion Baht** to alleviate the impact on the cost of living and reduce economic impacts on citizens, farmers, and entrepreneurs, enabling them to continue their livelihoods and business operations seamlessly, with a budget of 200,000 million Baht. And to support long-term energy restructuring by reducing reliance on imported energy and accommodating a clean energy economy, with a budget of 200,000 million Baht. The work plans or projects for utilizing the loan under the annex of this Emergency Decree are as follows:

<p>Working Plan 1st : 200 Billion Baht Assistance and Relief impacts from energy shock</p>	<p>Working Plan 2nd : 200 Billion Baht Restructuring for Energy Transition</p>
<p> Alleviate living expenses for citizens and farmers.</p> <p> Assist entrepreneurs to continue their businesses seamlessly.</p>	<p> Reduce the use of fossil fuels; transition to renewable and alternative energy technologies.</p> <p> Promote the use of clean, environmentally friendly vehicles.</p> <p> Develop skills and innovations to support the new energy infrastructure and the future economy.</p>

Important Conditions of the 400 billion Baht Emergency Borrowing Decree

-  The issuance of the Emergency Borrowing Decree must clearly specify the reasons, necessity, budget framework, and project plans for transparency and accountability.
-  Borrow only what is necessary, considering the government's debt repayment capability.
-  Work plans/projects must be reviewed by the Screening Committee and submitted to the Cabinet for approval.
-  MoF must report the loan details to the Parliament within 60 days from the end of the fiscal year. The report must specify loan details, loan utilization objectives, as well as achievements and benefits received.

Implementation Timeline for the 400 billion Baht Emergency Borrowing Decree



Source : Compiled and forecasted by the NESDC

Note : * Forecasted under the condition that the Constitutional Court delivers its ruling within 45 days.

Financial Conditions:

Thailand’s policy rate was reduced by 0.25 basis points to 1.00 percent per annum.

In the first quarter of 2026, the Monetary Policy Committee (MPC), at its meeting on February 25th, 2026, voted 4 to 2 to reduce the policy rate by 0.25 percentage points, from 1.25 to 1.00 percent per annum, with the aim of supporting the economic recovery and alleviating debt burdens faced by SMEs and households. This was in line with the policy direction of the Bangko Sentral ng Pilipinas, which also reduced its policy rate to support economic growth. **However, following the Middle East conflict on February 27th, 2026**, several central banks—including the central banks of the United States, Canada, Japan, Malaysia and Indonesia—decided to keep their policy rates unchanged while assessing the potential impact of the conflict, particularly its impact on inflationary pressure.

In April 2026, the MPC decided to maintain the policy rate at 1.00 percent with an assessment that inflationary pressure would rise temporarily due to supply-side factors before gradually moderating in 2027. This decision was broadly aligned with the central banks in major and regional countries, including the United States, European Union, United Kingdom, Japan, and South Korea. However, compared with the period prior to the Middle East conflict, monetary policy authorities across several countries have increasingly shifted their attention toward the possibility of policy rate hikes amid increasing inflation risks. In this regard, the Bangko Sentral ng Pilipinas raised its policy rate at its meeting on April 23rd, 2026, in response to inflation rising above the target range.

The MPC lowered the policy rate to support economic recovery. However, following the Middle East Conflict, central banks across several countries maintained their policy rates in order to further assess the potential impact of the conflict, particularly its impact on inflationary pressure.

Policy Interest Rate

At the end of period (%)	2023	2024				2025				2026				
	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Jan	Feb	Mar	Apr
USA	5.25-5.50	5.25-5.50	5.25-5.50	4.75-5.00	4.25-4.50	4.25-4.50	4.25-4.50	4.00-4.25	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75
EU	4.50	4.50	4.25	3.65	3.15	2.65	2.15	2.15	2.15	2.15	2.15	2.15	2.15	2.15
England	5.25	5.25	5.25	5.00	4.75	4.50	4.25	4.00	3.75	3.75	3.75	3.75	3.75	3.75
Canada	5.00	5.00	4.75	4.25	3.25	2.75	2.75	2.50	2.25	2.25	2.25	2.25	2.25	2.25
New Zealand	5.50	5.50	5.50	5.25	4.25	3.75	3.25	3.00	2.25	2.25	2.25	2.25	2.25	2.25
China	3.45	3.45	3.45	3.35	3.10	3.10	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
India	6.50	6.50	6.50	6.50	6.50	6.25	5.50	5.50	5.25	5.25	5.25	5.25	5.25	5.25
Japan	-0.10	0.10	0.10	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75
South Korea	3.50	3.50	3.50	3.50	3.00	2.75	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Philippines	6.50	6.5	6.5	6.25	5.75	5.75	5.25	5.00	4.50	4.25	4.50	4.25	4.25	4.50
Indonesia	6.00	6.00	6.25	6.00	6.00	5.75	5.50	4.75	4.75	4.75	4.75	4.75	4.75	4.75
Vietnam	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Malaysia	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Thailand	2.50	2.50	2.50	2.50	2.25	2.00	1.75	1.50	1.25	1.00	1.25	1.00	1.00	1.00

Source: Collected by NESDC as of 5 May 2026

Large and medium-sized commercial banks as well as specialized financial institutions (SFIs) reduced both deposit and lending rates in line with the reduction in the policy rate. In the first quarter of 2026, large commercial banks, medium-sized commercial banks, and SFIs lowered their 12-month fixed deposit rates from the average rates of 0.86 percent, 0.90 percent, and 1.25 percent to 0.84 percent, 0.83 percent, and 1.12 percent per annum, respectively. Similarly, Minimum Loan Rates (MLR) was reduced from average rates of 6.60 percent, 7.72 percent, and 6.15 percent per annum to 6.50 percent, 7.57 percent, and 6.07 percent per annum, respectively. **As a result, the average real deposit and lending rates across all banks declined** from 1.44 percent and 7.19 percent per annum to 1.42 percent and 7.15 percent per annum, respectively.

Commercial banks and SFIs reduced their deposit and lending rates in line with the policy rate cuts

In April 2026, Large and medium-sized commercial banks lowered their 12-month fixed deposit rates from the average rates of 0.84 percent and 0.83 percent per annum to 0.78 percent and 0.80 percent per annum, respectively. Meanwhile, the average MLR across all banks remained unchanged from March 2026.

At the end of the first quarter of 2026, outstanding private loans from depository institutions expanded by 0.14 percent, representing the first expansion since the third quarter of 2024. The improvement was driven by a recovery in business loans from commercial banks, as well as both household and business loans from specialized financial institutions (SFIs).

Outstanding private loans from commercial banks contracted by 1.20 percent, compared with a 1.50 percent contraction in the previous quarter. **Business loans** contracted by 0.17 percent, improving from a 1.08 percent contraction in the previous quarter. This improvement was a result of a 1.15 percent expansion in loans to large enterprises, compared to a 0.38 percent decrease in the previous quarter, particularly in public administration and defense activities, the transportation and storage sector, and real estate activities. Meanwhile, loans to small and medium enterprises (SMEs) contracted by 6.60 percent, following a 4.46 percent decline in the previous quarter. The contraction was mainly driven by a loan decline in Wholesale and retail trade; repair of motor vehicles and motorcycles activities, manufacturing sector, and real estate activities.¹⁰ However, the persistent economic uncertainty has prompted financial institutions to maintain tight credit standards, particularly for SMEs and new borrowers. Such measures included stricter loan covenants, reductions in credit lines, higher collateral requirements, and increased margin requirements for high-risk businesses. **Household loans** contracted by 0.86 percent, slightly improving from a 1.01 percent decline in the previous quarter, mainly due to a contraction in hire-purchase loans for cars and motorcycles. In addition, financial institutions continued to adopt cautious lending practices amid the high household debt burden. These measures particularly affected borrowers with high credit risks, such as vulnerable groups with monthly incomes below 30,000 baht. Financial institutions also imposed higher margin requirements and tightened collateral conditions.

Outstanding private loans from SFIs grew by 1.09 percent, accelerating from a 0.66 percent expansion in the previous quarter. The acceleration was mainly driven by higher growth in household loans, which accounted for 86.75 percent of total SFI loans, alongside an improvement in business loan growth, which accounted for 13.25 percent of total SFI loans.

Financial Performance of Commercial Banks: In the first quarter of 2026, commercial banks' income declined by 8.23 percent, following a 4.13 percent decline in the previous quarter. This was mainly due to lower interest income. Similarly, expenses fell by 8.32 percent, compared with a 4.25-percent decline in the previous quarter, driven by lower interest expenses. As a result, the Net Interest Margin (NIM) stood at 2.59 percent, declining from 2.86 percent in the previous quarter and 3.03 percent in the same quarter last year.

Outstanding private loans from depository institutions expanded for the first time since the third quarter of 2024, driven by a recovery in business loans from commercial banks, as well as both household and business loans from specialized financial institutions (SFIs).

Private credit outstanding of depository institutions

%YOY (as of the end of the period)	shared Q1/26 (%)	2022	2023	2024				2025				2026
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Private credit outstanding of depository institutions¹	100.00	2.20	1.47	1.43	1.00	-0.86	-1.03	-1.16	-1.05	-0.14	-0.15	0.14
Business loan ¹	35.30	2.00	-0.12	0.55	0.74	-3.24	-2.94	-2.92	-2.96	-0.72	-1.14	-0.07
Household loans ¹	64.70	2.32	2.38	1.94	1.15	0.48	0.04	-0.16	0.03	0.17	0.40	0.25
1. private credit from commercial banks²	61.36	1.42	-0.10	-0.09	-0.48	-3.09	-3.25	-3.36	-3.12	-1.62	-1.50	-1.20
1.1 Business loan ³	100.00	3.02	0.70	-2.69	-0.63	-2.04	0.43	0.77	1.02	0.25	-1.08	-0.17
• large enterprises ³	84.04	4.02	3.03	-1.97	0.79	-1.63	1.58	1.71	1.87	1.11	-0.38	1.15
• SMEs ³	15.96	0.36	-5.73	-4.77	-4.78	-3.28	-3.04	-2.10	-1.63	-3.73	-4.46	-6.60
1.3 Household loan ³	100.00	1.71	2.30	1.12	-0.03	-1.30	-2.24	-2.49	-2.27	-1.63	-1.01	-0.86
• Provide for Dwelling ³	51.72	3.20	1.43	1.12	0.94	0.49	0.46	0.24	0.16	0.39	0.80	1.07
• Purchase or hire purchase Cars and Motorcycle ³	14.35	0.35	-0.41	-2.96	-6.18	-9.10	-11.40	-11.61	-10.93	-11.25	-9.87	-9.24
• Credit Card ³	4.39	-14.16	2.60	0.17	-2.40	-4.73	-3.92	-3.42	-1.51	-0.83	-0.93	-4.07
• Other (P-Loan) ³	28.93	3.78	7.05	5.47	4.42	3.01	0.94	0.18	0.14	0.26	0.81	0.88
2. private credit from specialized financial institutions (SFIs)⁴	26.01	3.65	5.10	4.47	3.57	2.64	2.21	2.04	1.80	1.35	0.66	1.09
2.1 Business loan ⁴ (shared 13.25% of SFIs)		6.22	12.39	10.50	8.26	4.93	4.31	5.14	4.27	2.41	-1.22	-0.97
2.2 Household loans ⁴ (shared 86.75% of SFIs)		3.29	4.07	3.62	2.90	2.31	1.89	1.57	1.43	1.19	0.95	1.41

Source: ¹ EC_MB_011_S3 Other Depository Corporations Sectoral Balance Sheet

² EC_MB_012_S4 Commercial Banks Sectoral Balance Sheet

³ FI_CB_021_S4 All Commercial Banks' Total Credits and SMEs Credits Classified by Types of Business, FI_CB_021_S5 All Commercial Banks' Total Credits and SMEs Credits Classified by Types of Business

⁴ EC_MB_013_S2 Depository Specialized Financial Institutions Sectoral Balance Sheet

Note: Since the third quarter of 2024, the Bank of Thailand (BOT) has revised its criteria for business size classification. SMEs are now categorized based on: (1) The definition in the Ministerial Regulation on Characteristics of Medium and Small Enterprises B.E. 2562, and (2) Credit line thresholds: Business with a credit line of less than 500 million baht are classified as SMEs. In cases where a business qualifies for both these two criteria, the higher classification (the large size) is applied.

¹⁰ Since the third quarter of 2024, the Bank of Thailand (BOT) has revised its criteria for business size classification. SMEs are now categorized based on: (1) The definition in the Ministerial Regulation on Characteristics of Medium and Small Enterprises B.E. 2562, and (2) Credit line thresholds: Business with a credit line of less than 500 million baht are classified as SMEs. In cases where a business qualifies for both these two criteria, the higher classification (the large size) is applied.

The average exchange rate of Thai Baht against the U.S. dollar appreciated from the previous quarter. In the first quarter of 2026, the exchange rate averaged 31.61 Baht per U.S. dollar, appreciated by 1.75 percent from the previous quarter. This appreciation was mainly driven by stronger movements in January and February due to (i) a depreciation of the U.S. dollar amid uncertainties regarding U.S. trade policy toward European countries and the Greenland dispute; (ii) Foreign capital inflows into the stock and bond markets; and (iii) rising gold prices, which recorded all-time highs in January. **However, the Middle East conflict on February 27th, 2026, exerted depreciation pressure on the Thai Baht in March, causing it to become the weakest-performing currency among regional peers.** This movement was broadly in line with (i) the appreciation of the U.S. dollar, driven by reduced expectations of Fed policy rate cuts due to increasing inflationary pressures; (ii) a decline in investors' risk appetite, as reflected in capital outflows from the stock and bond markets; and (iii) declining gold prices.

The average exchange rate of Thai Baht against the U.S. dollar appreciated from the previous quarter, driven by a depreciation of the U.S. dollar, foreign capital inflows and rising gold prices while the Middle East conflict pressured the Thai Baht to depreciate.

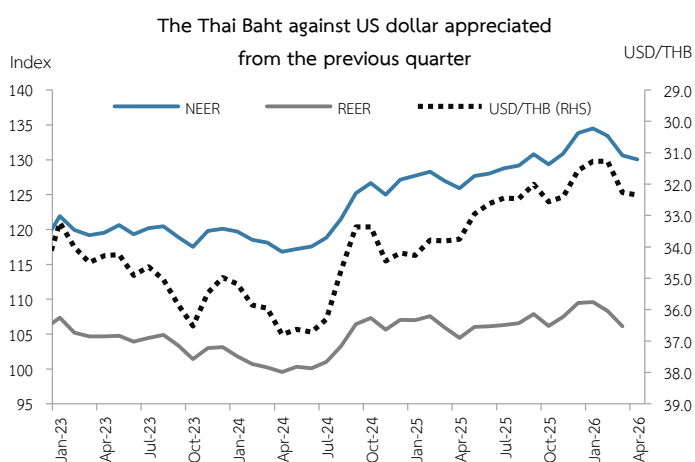
When compared to trading partners/competitors, the Thai Baht appreciated, as reflected in the Nominal Effective Exchange Rate (NEER), which averaged 132.85, increased by 1.14 percent from the previous quarter. Likewise, the Real Effective Exchange Rate (REER) increased by 0.18 percent from the previous quarter. **In addition, other regional currencies that appreciated against the US dollar** included the Malaysian ringgit (4.48 percent), Chinese yuan (1.82 percent), Singapore dollar (1.57 percent) and Vietnamese dong (0.17 percent). In contrast, currencies that depreciated against the U.S. dollar were Indian rupee (2.52 percent), Japanese yen (1.92 percent), New Taiwan dollar (1.82 percent), Indonesian rupiah (1.11 percent), South Korean won (0.98 percent), Philippine peso (0.52 percent) and Hong Kong dollar (0.45 percent).

In April 2026, the Thai Baht averaged 32.35 Baht per U.S. dollar, depreciating by 0.26 percent from the previous month. This was in line with most regional currencies and the appreciation of the U.S. dollar, as negotiations between the United States and Iran remained inconclusive.

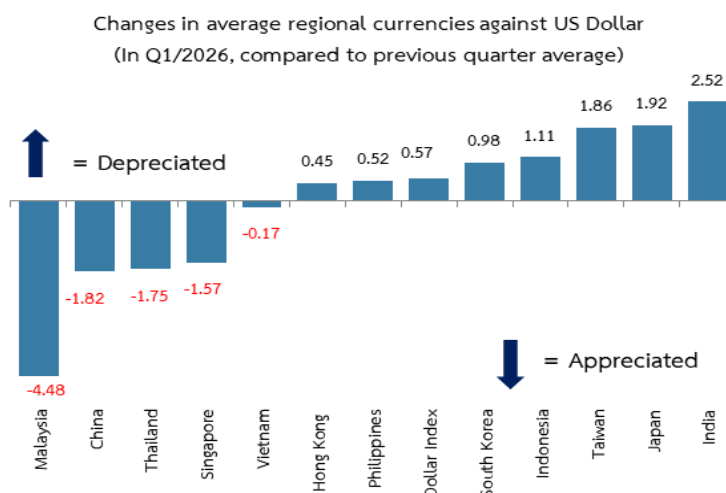
Thai Baht exchange rate, dollar index and gold prices

Average	2023		2024				2025				2026						
	Year	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	4M	Q1	Jan	Feb	Mar	Apr
Thai Baht (Baht/USD)	34.81	35.26	35.65	36.71	34.81	33.99	32.28	33.96	33.11	32.29	32.18	31.78	31.61	31.27	31.27	32.27	32.35
Dollar index	103.44	104.20	103.57	105.18	102.69	105.38	100.79	106.72	99.73	97.95	98.99	98.52	98.42	98.26	97.43	99.48	98.80
Gold prices (USD/ Troy Oz)	1,941.67	2,388.52	2,071.16	2,337.59	2,473.00	2,664.46	3,439.62	2,859.00	3,282.59	3,454.10	4,146.12	4,838.98	4,876.65	4,746.93	5,011.83	4,877.58	4,720.31

Source: Collected by NESDC as of 5 May 2026



Source: CEIC, Bank of Thailand



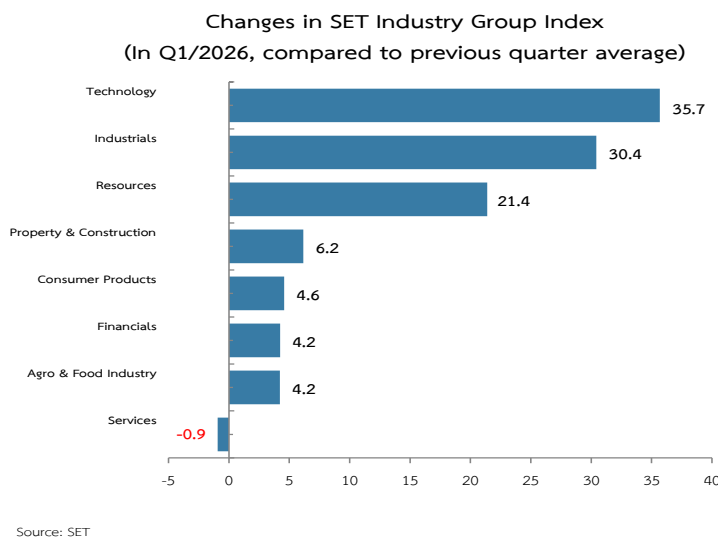
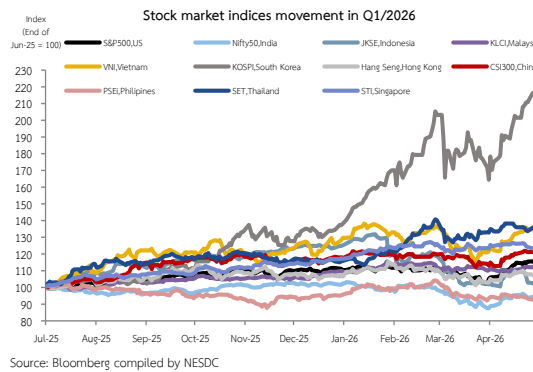
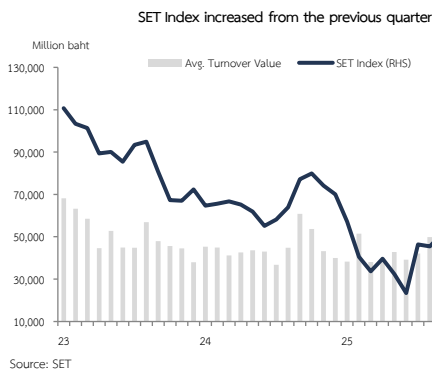
Source: CEIC

SET Index increased from the previous quarter. At the end of the first quarter of 2026, the SET index closed at 1,448.14 points, increasing by 15.0 percent from the previous quarter. The upward movement was supported by: (i) Improved investor confidence regarding Thailand’s government formation and a clear policy direction; (ii) Thailand’s economic performance in the fourth-quarter 2025, which was better than expected; (iii) Increased investor allocation toward large-cap technology stocks, aligning with global investment trends; and (iv) the ruling by the U.S. Supreme Court that the imposition of Reciprocal Tariffs exceeded presidential authority, resulting in a reduction in the global tariff rate to 10 percent from 19 percent, which positively impacted listed companies with a high proportion of export-related revenue. However, geopolitical tensions in the Middle East weighed on investors’ appetite for risky assets, causing declines in global stock market indices, particularly in Asian economies that are heavily reliant on oil imports from the Middle East. Consequently, the Thai stock market index declined in the last month of the quarter. The increase in the SET index was broad-based across almost all industry groups, particularly technology (35.7 percent), industrials (30.4 percent), and resources (21.4 percent). In contrast, the services sector declined by 0.9 percent, mainly due to declines in the tourism and recreation, as well as transportation and logistics sectors.

SET Index increased from the previous quarter, driven by greater clarity regarding government formation and policy direction, as well as favorable domestic and external economic conditions. However, geopolitical tensions in the Middle East increasingly weighed on the Thai stock market during the final month of the quarter.

Regional stock market indices that increased in line with the SET index included, South Korea (19.9 percent), Taiwan (9.5 percent), Singapore (5.2 percent), Japan (1.4 percent), and Malaysia (0.6 percent). In contrast, regional stock market indices that declined included Indonesia (-18.5 percent), India (-14.5 percent), Vietnam (-6.2 percent), China (-3.9 percent), Hong Kong (-3.3 percent), and Philippines (-1.7 percent).

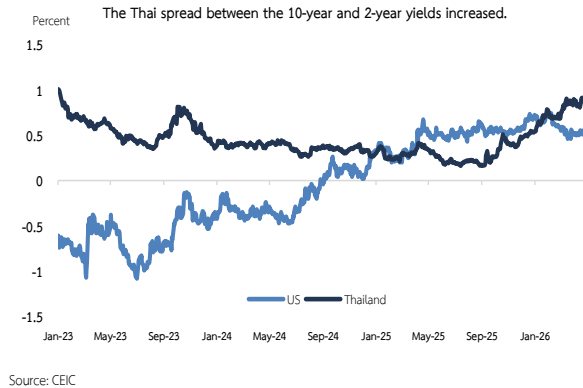
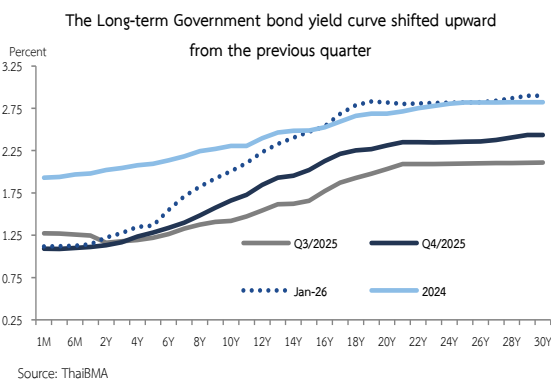
In April 2026, the SET index closed at 1,493.69 points, increasing by 3.15 percent from the previous month. The increase was supported by (i) Gains in the energy and electronic components sectors, which carry large market capitalizations; and (ii) better-than-expected first-quarter 2026 financial performance reported by most listed companies.



Long-term government bond yields increased. In the first quarter of 2026, government bond yields with maturities of less than one year declined following the MPC’s policy rate cut in February 2026. Meanwhile, government bond yields with maturities of one year and longer increased from the previous quarter. This movement was in line with the rise in global government bond yields. In addition, concerns over inflationary pressures arising from geopolitical tensions in the Middle East prompted investors to reduce holdings of government securities. This was compounded by expectations of an increase in the supply of long-term Thai government bonds in the market. As a result, by the end of the first quarter, the yield on the 1-year benchmark Thai government bond declined from 1.11 percent to 1.05 percent per annum, while the yield on the 10-year benchmark Thai government bond increased from 1.66 percent to 2.21 percent per annum. The increase in the Thai 10-year government bond yield was consistent with the U.S. 10-year benchmark government bond yield, which rose from 4.18 percent to 4.30 percent per annum. Meanwhile, newly registered corporate bond issuance accounted for 316.4 billion baht, decreasing from 371.0 billion baht in the previous quarter.

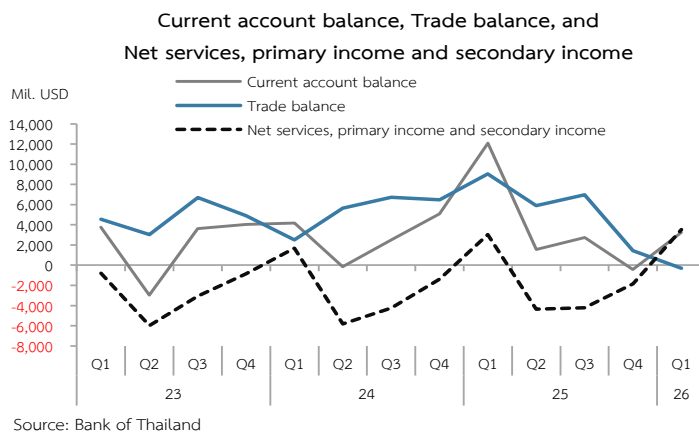
In April 2026, the 1-year benchmark yield declined to 1.00 percent per annum, following the MPC’s decision to maintain the policy rate. Meanwhile, the 10-year benchmark yield stood at 2.20 percent per annum, close to 2.21 percent at the end of the first quarter of 2026.

Government bond yields with maturities of more than one year increased, driven by concerns over inflationary pressures and the expected increase in government bond supply, in line with the rise in bond yields across major economies.



The current account in the first quarter of 2026 registered a surplus of 3.2 billion US dollars (101.6 billion Baht). This was lower than the 12.1 billion US dollar (409.9 billion Baht) surplus in the same quarter of the previous year but higher than the 0.4 billion US dollar (16.4 billion Baht) deficit in the previous quarter. This outcome was driven by the services, primary income, and secondary income accounts that recorded a surplus for the first time in four quarters, totaling 3.5 billion US dollars (111.2 billion Baht), in line with a rise in travel-related revenue. Meanwhile, the trade balance recorded its first deficit in fourteen quarters, amounting to 0.3 billion US dollars (9.6 billion Baht).

The current account registered a surplus of 3.2 billion US dollars, driven by the services, primary income, and secondary income accounts that recorded a surplus for the first time in fourth quarter, totaling 3.5 billion US dollars.



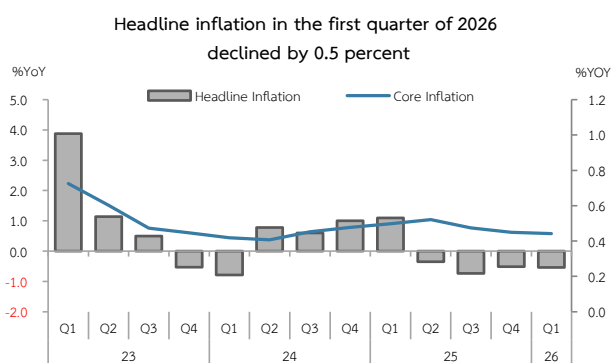
International reserves at the end of March 2026 stood at 280.5 billion US dollars, rising from 245.3 billion US dollars at the end of March 2025. In Thai Baht terms, reserves amounted to 9,223.6 billion Baht at the end of March 2026, higher than the 8,319.0 billion Baht recorded in the same period of the previous year.

Headline inflation in the first quarter of 2026 stood at -0.5 percent, matching the rate of the previous quarter and remaining negative for the fourth consecutive quarter. This was driven by a 1.2 percent decrease in the **non-food and beverages price index**, mainly due to a reduction in energy prices, particularly those of motor fuel and electricity, on account of government measures aimed at easing the rising cost of living. Meanwhile, the **food and non-alcoholic beverages price index** rose by 0.5 percent, primarily driven by increased prices for non-alcoholic beverages (2.4 percent) and prepared food (1.6 percent). Core inflation stood at 0.6 percent, unchanged from the previous quarter, as a result of a slight deceleration in the prices of non-alcoholic beverages and prepared food.

In April 2026, headline inflation stood at 2.9 percent, turning positive for the first time in thirteen months and representing the highest rate in thirty-eight months. This was primarily driven by an increase in public transportation service prices and prepared food prices, following a rise in domestic motor fuel prices due to conflicts in the Middle East, alongside higher fresh vegetable prices exacerbated by El Niño. Meanwhile, core inflation rose by 0.8 percent, driven largely by increasing prices for prepared food.

International reserve at the end of March 2026 stood at 280.5 billion US dollars, rising from the same period last year.

Headline inflation remaining negative for the fourth consecutive quarter by -0.5 percent, driven by decreasing of non-food and beverage price index.

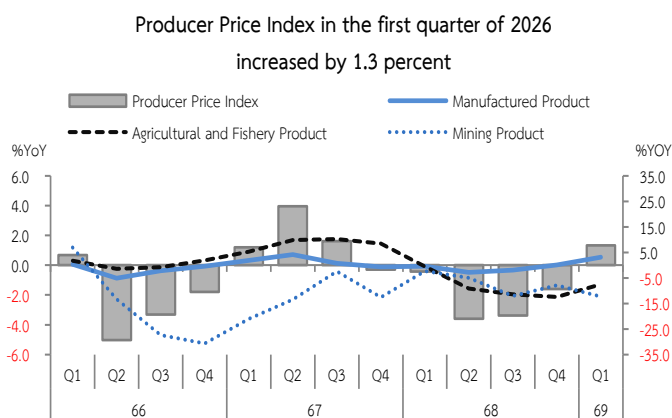


Source: Ministry of Commerce

The Producer Price Index (PPI) in the first quarter of 2026 increased by 1.3 percent, marking its first expansion in six quarters, compared with a 1.6 percent decrease in the previous quarter. This turnaround was driven by **manufactured product prices**, which rose by 3.1 percent due to a late-quarter acceleration in petroleum prices alongside higher costs for other manufactured goods, specifically gold. Meanwhile, **prices for agricultural and fishery products** declined by 7.6 percent, contracting for the fifth consecutive quarter due to downward price pressures across both sectors. Similarly, **mining product** prices declined for the twelfth consecutive quarter, dropping by 12.3 percent because of lower petroleum and natural gas prices.

In April 2026, the Producer Price Index (PPI) increased by 9.1 percent, reaching its highest level in forty-two months. This upward trajectory was primarily driven by an acceleration in the price indices for manufactured products, alongside a turnaround in mining product prices, which expanded for the first time in fourteen months. Conversely, prices for agricultural and fishery products continued to decline.

The Producer Price Index (PPI) increased for the first time in six quarters by 1.3 percent, driven by a rise of manufactured products prices. Meanwhile, agricultural and fishery products and mining products continued to decline.



Source: Ministry of Commerce

2. Crude Oil price in Q1 of 2026

The global crude oil price in the first quarter of 2026 increased from both the previous quarter and the same period of the previous year. The average global crude oil price across the three major markets (Dubai, Brent, and West Texas Intermediate: WTI) stood at 79.5 US dollars per barrel. This represented a 6.8 percent increase from 74.4 US dollars per barrel in the same quarter of the previous year, and a 28.1 percent increase from 62.0 US dollars per barrel in the previous quarter. This rise in prices was largely attributed to (1) a crude oil supply shortage resulting from conflicts in the Middle East and the closure of the Strait of Hormuz by Iran, (2) the impacts of Iranian attacks on energy infrastructure in US-allied countries, and (3) concerns regarding Russian crude oil supplies following Ukrainian attacks on energy infrastructure. Nevertheless, the release of 400 million barrels from the Strategic Petroleum Reserve (SPR) by the International Energy Agency (IEA), which consists of thirty-two member countries, mitigated the supply losses caused by the closure of the Strait of Hormuz. Furthermore, supply concerns lessened as the US temporarily waived sanctions on Russian seaborne oil.

In April 2026, the average crude oil price stood at 102.2 US dollars per barrel, representing a 54.8 percent increase from 66.0 US dollars per barrel in the same period of the previous year. This year-over-year surge was primarily driven by US maritime blockades on Iranian ports. Nevertheless, the price declined month-over-month by 4.4 percent from March 2026's average of 106.9 US dollars per barrel. This monthly decrease was largely attributed to the relief of supply concerns as the US extended the Russian oil allowance until 16 May 2026, alongside the implementation of a provisional ceasefire agreement between the US and Iran.

The global crude oil prices increased, compared to the same period last year and the previous quarter.

Crude oil price

Year		USD per Barrel				(%YoY)			
		DUBAI	BRENT	WTI	Average	DUBAI	BRENT	WTI	Average
2024	Year	75.5	79.6	79.6	78.2	-2.5	-3.0	-3.0	-2.8
	Q1	76.9	81.8	81.2	80.0	1.2	-0.4	1.1	0.6
	Q2	80.5	84.8	85.4	83.5	10.1	9.7	10.0	9.9
	Q3	75.1	78.6	78.4	77.4	-8.5	-8.6	-9.5	-8.8
	Q4	70.2	73.9	73.6	72.6	-10.9	-11.0	-12.1	-11.3
2025	Year	64.9	68.4	69.4	67.6	-14.1	-14.1	-12.8	-13.7
	Q1	71.4	74.9	76.9	74.4	-7.2	-8.4	-5.3	-7.0
	Q2	64.1	67.1	67.0	66.0	-20.4	-20.9	-21.5	-20.9
	Q3	65.0	68.2	70.1	67.8	-13.5	-13.3	-10.6	-12.4
	Q4	59.2	63.1	63.8	62.0	-15.8	-14.6	-13.3	-14.5
2026	Q1	72.3	78.2	88.0	79.5	1.4	4.3	14.3	6.8
	Jan.	60.2	64.7	62.0	62.3	-19.9	-17.5	-22.9	-20.1
	Feb.	64.4	69.4	68.4	67.4	-9.4	-7.3	-12.2	-9.7
	Mar.	91.9	100.0	128.8	106.9	35.3	39.9	77.6	51.3
	Apr.	98.1	102.8	105.7	102.2	54.6	53.8	56.0	54.8
	4M	77.9	83.5	92.5	84.6	11.9	14.1	24.1	16.8

Source: Thaioil Plc and Bloomberg

3. The World Economy in the Fourth Quarter of 2025

The global economy continued to expand in the first quarter of 2026, supported by accelerated growth in major economies. The U.S. economy was driven by a continued acceleration in investment in artificial intelligence (AI) technology and digital infrastructure, while the Chinese economy improved in line with the continued strong expansion of exports, particularly in electronics and high-technology industries. Similarly, newly industrialized and ASEAN economies continued to benefit from robust export growth, partly supported by the U.S. Supreme Court's order suspending the implementation of trade-restrictive measures under the International Emergency Economic Powers Act of 1977 (IEEPA), together with the upcycle in electronics products in line with increased investment in AI-related technology. Nevertheless, the unrest in the Middle East since February 28, 2026, has exerted a significant impact on the global economy and trade, as reflected by the Global Purchasing Managers' Index, which declined in March 2026 to 51.0, the lowest level in 11 months. Meanwhile, inflationary pressures started to increase in line with rising energy and commodity prices. As a result, most major central banks decided to maintain their policy interest rates, following successive rate cuts in the preceding period¹¹.

The U.S. economy expanded by 2.7 percent, accelerating from 2.0 percent in the previous quarter and marking the highest growth in seven quarters. The expansion was primarily supported by private investment, which grew by 3.2 percent, continuing from 3.4 percent in the preceding quarter. In particular, non-residential investment expanded by 5.8 percent, accelerating from 5.6 percent, driven by continued investment in AI technologies and digital infrastructure, especially among large private corporations seeking to accommodate rising market demand and reduce reliance on foreign supply chain. Meanwhile, government expenditure returned to growth at 0.1 percent, compared to a contraction of 1.2 percent in the previous quarter, following the end of the temporary Federal Government shutdown. At the same time, the value of goods exports expanded by 14.3 percent, marking the highest growth in 14 quarters. Nevertheless, the Personal Consumption Expenditures (PCE) inflation rate accelerated to 3.1 percent, compared to 2.8 percent in the previous quarter, partly reflecting higher energy prices and the pass-through effects of increased import tariffs. Consequently, the U.S. Federal Reserve decided to maintain the policy interest rate at 3.50 – 3.75 percent during the January and March 2026 meetings.

The Eurozone economy expanded by 0.8 percent, slowing from 1.3 percent in the previous quarter and marking the weakest growth in seven quarters, amid a deceleration in private consumption and exports driven by higher energy and transportation costs. Retail sales increased by 2.6 percent, easing from 3.1 percent in the previous quarter and recording the slowest expansion in five quarters. Similarly, consumer confidence deteriorated to -13.8, compared to -12.9 in the previous quarter, reaching its lowest level in three quarters. Meanwhile, export of goods in the first two months of the first quarter of 2026 expanded by 5.3 percent, slowing from 9.4 percent in the previous quarter. In particular, exports to the United States declined by 28.6 percent in the first two months of the quarter, following a contraction of 16.0 percent in the previous quarter, mainly due to U.S. trade measures. At the same time, rising inflationary pressures prompted the European Central Bank (ECB) to maintain its policy rate continuously in order to preserve economic stability¹², in tandem with accelerating disbursements under the Recovery and Resilience Facility (RRF), worth approximately EUR 577 billion, ahead of its expiration at the end of 2026. The fund is expected to support structural reforms and investment across member states.

The Japanese economy continued to expand from a 0.4-percent growth in the fourth quarter of 2025. This was primarily supported by government-stimulated private consumption and a favorable expansion in the export sector, particularly in semiconductors, electronic components, and automobiles¹³, which drove export value in the first quarter to grow by 7.1 percent, up from a 3.8-percent expansion in the previous quarter, while private investment continued to benefit from digital-related investments. In the first quarter of 2026, headline inflation stood at 1.4 percent, decelerating from 2.7 percent in the preceding quarter due to declining energy prices under the government's cost-of-living subsidy measures. This moderation in prices contributed to a resumption of growth in real wages, prompting the Bank of Japan's Monetary Policy Committee to maintain the policy interest rate at 0.75 percent during its March 18 – 19 meeting. Concurrently, the exchange rate depreciated to 156.8 yen per US dollar in the first quarter of 2026, weakening from 154.1 yen per US dollar in the fourth quarter of 2025.

¹¹ Major central banks that maintained their policy interest rates in March included the U.S. Federal Reserve, the European Central Bank, the Bank of England, the Bank of Japan, Bank Indonesia, and Bank Negara Malaysia, among others.

¹² At its meetings on 5 February 2026 and 19 March 2026, the European Central Bank (ECB) decided to maintain its policy interest rates. As a result, the interest rates on the main refinancing operations, the marginal lending facility, and the deposit facility remained unchanged at 2.15 percent, 2.40 percent, and 2.00 percent, respectively. The decision aimed to preserve price stability and ensure that inflation remains aligned with the medium-term target of 2.0 percent.

¹³ The growth rates of export value for key products in the first quarter of 2026, comprising semiconductors, electronic components, and automobiles, stood at 31.0 percent, 12.3 percent, and 0.5 percent, respectively. This compares to expansions of 18.4 percent and 5.9 percent, and a contraction of 2.9 percent in the previous quarter, respectively.

The Chinese economy expanded by 5.0 percent, accelerating from 4.5 percent in the previous quarter and marking the strongest growth in three quarters, supported by robust industrial production and strong export growth, particularly in the electronics and high-technology sectors¹⁴. The expansion was also driven by China's ability to redirect exports from the United States to alternative markets, especially ASEAN and Europe. As a result, exports of goods expanded by 14.7 percent, accelerating from 3.7 percent in the previous quarter and recording the highest growth in seventeen quarters, consistent with continued expansion in industrial production at 5.7 percent. Likewise, imports of goods grew strongly, driven by rising imports of rare-earth ore, electronic equipment, and refined petroleum products, in line with improving domestic investment. Fixed asset investment contracted by 0.5 percent, recovering from a decline of 5.7 percent in the previous quarter, supported by stronger investment in non-real estate sectors. However, real estate investment continued to decline by 11.0 percent. Meanwhile, inflation rose to 0.8 percent from 0.6 percent in the previous quarter, reaching the highest level in twelve quarters due to higher food and transportation costs. Consequently, on 20 March 2026, the People's Bank of China (PBOC) maintained its policy interest rate at a low level, in tandem with accelerating budget disbursements from the long-term special treasury bond fund to support domestic consumption and investment¹⁵.

The economies of the Newly Industrialized Economies (NIEs) continued to expand, with Taiwan's economy growing by 13.7 percent, accelerating from 12.7 percent in the previous quarter and marking the highest growth rate since 1987. Similarly, Hong Kong and South Korea expanded by 5.9 percent and 3.6 percent, accelerating from 4.0 percent and 1.6 percent in the previous quarter, respectively. Meanwhile, Singapore's economy grew by 4.6 percent, moderating from 5.7 percent in the preceding quarter, following a slowdown in the manufacturing sector, particularly in biomedical manufacturing, general manufacturing, and chemicals. The key growth driver for the NIEs was the strong expansion in merchandise exports, especially products related to high-technology and artificial intelligence industries. In the first quarter, export values of Taiwan, Hong Kong, Singapore, and South Korea increased markedly by 51.1 percent, 31.4 percent, 35.1 percent, and 38.3 percent, respectively. This was consistent with industrial production conditions, as reflected by the manufacturing Purchasing Managers' Index (PMI) in Taiwan, Hong Kong, Singapore, and South Korea, which stood at 53.4, 51.7, 57.6, and 51.7, respectively, compared with 49.1, 52.0, 55.6, and 51.7 in the previous quarter. In addition, governments in several economies continued to implement fiscal measures¹⁶ to support domestic demand and mitigate the impact of rising energy costs, while inflation rates in most economies remained stable and below target.¹⁷ Nevertheless, central banks continued to maintain their policy interest rates.¹⁸

The ASEAN economies decelerated from the previous quarter. The Malaysian economy expanded by 5.4 percent, slowing down from 6.2 percent, following decelerations across all production sectors and a contraction in the mining and oil refining sectors. Similarly, the Philippine economy expanded by 2.8 percent, easing from 3.0 percent, marking its slowest growth since the first quarter of 2021 during the COVID-19 outbreak. Meanwhile, the Vietnamese economy grew by 7.8 percent, decelerating from 8.5 percent. Overall, the ASEAN economies were impacted by the Middle East Conflict due to their high reliance on energy imports from the region¹⁹, leading to higher import values and inflationary pressures that weighed on domestic consumption and investment. In addition, persistent issues regarding large-scale infrastructure projects in the Philippines continued to dampen consumer confidence²⁰. Nevertheless, the Indonesian economy expanded by 5.6 percent, accelerating from 5.4 percent and reaching its highest growth since the second quarter of 2021, supported by the acceleration in private consumption and government expenditure following various spending support measures, such as the free lunch program and the expansion of the mass rapid transit (MRT) network.

¹⁴ Exports of electronics and high-technology products in the first quarter of 2026 expanded by 18.1 percent and 25.2 percent, accelerating from 7.3 percent and 8.2 percent in the previous quarter, and marking the strongest growth in nineteen and twenty quarters, respectively.

¹⁵ In this regard, China's Ministry of Finance pre-allocated RMB 62.5 billion from the long-term special treasury bond fund to support the consumer goods trade-in programme, which was renewed in 2026. In addition, China allocated RMB 93.6 billion to finance equipment upgrading programmes across key sectors.

¹⁶ Taiwan implemented a universal cash handout of NT\$10,000, with more than 98 percent of eligible recipients having already received the payment. Meanwhile, Hong Kong announced measures to reduce taxes and property-related fees, as well as provide additional assistance to selected welfare recipients. Singapore introduced cost-of-living relief measures through cash payouts, U-Save rebates, and CDC Vouchers. South Korea, in turn, implemented measures to mitigate the impact of rising energy prices, including energy price caps, consideration of fuel tax reductions, and support measures for small business operators.

¹⁷ Inflation rates in Taiwan and South Korea stood at 1.2 percent and 2.1 percent in the first quarter, declining from 1.3 percent and 2.4 percent in the previous quarter, respectively. Meanwhile, inflation rates in Hong Kong and Singapore stood at 1.5 percent and 1.5 percent, increasing from 1.3 percent and 1.2 percent, respectively.

¹⁸ The central banks of South Korea, Hong Kong, and Taiwan maintained their policy interest rates at 2.5 percent, 4.0 percent, and 2.0 percent, respectively.

¹⁹ In 2025, energy imports from the Middle East accounted for 24.5 percent and 25.6 percent of total energy imports for the Philippines and Vietnam, respectively.

²⁰ The Philippine Consumer Confidence Index averaged 1.8 in the first quarter of 2026, declining from 3.6 in the previous quarter.

GDP and export growths in several key economies

(%YoY)	GDP						Export Value					
	2023	2024	2025		2026		2023	2024	2025		2026	
	Year	Year	Q3	Q4	Year	Q1	Year	Year	Q3	Q4	Year	Q1
USA	2.9	2.8	2.3	2.0	2.1	2.7	-2.1	1.7	3.8	8.8	5.7	14.3
Euro Area	0.4	0.9	1.4	1.3	1.4	0.8	2.0	0.7	7.9	9.4	6.8	
UK	0.3	1.1	1.3	1.0	1.4	1.1	-6.2	-3.6	-1.1	4.5	1.2	4.6
Australia	2.1	1.1	2.0	2.6	2.0		-9.9	-8.4	1.3	6.0	-0.8	12.9
Japan	0.7	-0.2	0.7	0.4	1.2		-4.0	-1.4	1.3	3.8	4.4	7.1
China	5.4	5.0	4.8	4.5	5.0	5.0	-4.7	5.9	6.4	3.7	5.4	14.7
India	8.8	7.2	8.4	7.8	7.5		-4.8	2.6	8.3	1.4	0.5	-2.9
South Korea	1.6	2.0	1.8	1.6	1.0	3.6	-7.5	8.1	6.5	8.4	3.8	38.3
Taiwan	1.1	5.3	8.4	12.7	8.7	13.7	-9.8	9.8	36.5	48.8	34.8	51.1
Hong Kong	3.2	2.6	3.8	4.0	3.5	5.9	-7.8	9.1	14.7	20.8	15.4	31.4
Singapore	1.5	5.3	4.5	5.7	5.0	4.6	-7.7	6.2	11.2	18.2	12.2	35.1
Indonesia	5.0	5.0	5.0	5.4	5.1	5.6	-11.3	3.0	9.0	0.8	6.1	0.3
Malaysia	3.6	5.2	5.3	6.2	5.2	5.4	-11.1	5.7	12.4	17.6	13.7	26.5
Philippines	5.5	5.7	4.0	3.0	4.4	2.8	-7.5	-0.5	13.0	21.9	15.3	12.7
Vietnam	5.0	7.0	8.3	8.5	8.0	7.8	-4.6	14.4	18.2	18.9	16.7	18.8

Source: CEIC , Collected by NESDC as of 14 Feb, 2026

4. The World Economic Outlook for 2026

The global economy in 2026 is projected to expand by 2.9 percent, decelerating from 3.6 percent in the previous year, in line with the slowdown in both major economies and emerging market and developing economies, driven by the impacts of geopolitical tensions in the Middle East, particularly through rising energy costs and disruptions to major international shipping routes. These developments are likely to cause exports in many economies to slow down, following the strong acceleration recorded in 2025. In addition, inflationary pressures are expected to increase due to the pass-through of higher energy and transportation costs to commodity prices, thereby constraining domestic demand expansion and prompting many central banks to delay further reductions in policy interest rates. Meanwhile, central banks in emerging markets and developing economies are expected to face additional pressure from currency depreciation, particularly in economies with a high dependence on energy imports and those with weak economic fundamentals. Moreover, the global economy and trade are likely to face risks from trade measures imposed by major economies, including potential additional measures following U.S. trade restrictive measures related to investigations into unfair trade practices by trading partners under Section 301 of the Trade Act of 1974. Nevertheless, the global economy is expected to continue expanding, supported by the continued growth of private investment, particularly in innovation and high-technology industries.

Nonetheless, the baseline projection is founded on key assumptions as follows: (1) the conflict in the Middle East will not escalate to a level that significantly affects the real economy and is expected to reach an agreement within the first half of 2026, allowing maritime transportation through the Strait of Hormuz to resume and crude oil prices to gradually decline in the second half of the year; and (2) trade restrictive measures already in effect will remain at their current levels throughout the projection period. As of May 15, 2026, the United States had implemented Section 122 of the Trade Act of 1974 by temporarily imposing additional global import tariffs at the rate of 10 – 15 percent. Thus, this projection does not include the case of any additional measures being implemented. **Under these assumptions, the global economy and world trade volume in 2026 are expected to expand by 2.9 percent and 3.6 percent, decelerating from 3.6 percent and 5.1 percent in 2025, respectively.** Details of the economic outlook by country are as follows:

The U.S. economy is projected to expand by 2.3 percent, accelerating from 2.1 percent in 2025 and revised upward from 2.1 percent in the previous projection. The expansion is mainly supported by robust private investment, particularly in high-technology industries and artificial intelligence infrastructure with additional support from tax reduction measures under the One Big Beautiful Bill Act (OBBBA). Consequently, the Manufacturing Purchasing Managers' Index (PMI) increased to 54.5 in April, reaching its highest level since May 2022. Further support is expected from higher government expenditure following greater clarity regarding budget approval and the increase in the public debt ceiling, which is expected to remain sufficient through the end of 2026. Meanwhile, the conflict situation in the Middle East is likely to have only limited direct impacts on the United States, given that the U.S. is a net energy exporter and does not heavily rely on

imports of key products from the Middle East. In addition, the U.S. might benefit from rising oil import demand from other countries²¹. Nevertheless, indirect impacts from higher global energy prices, together with cost pass-through effects from higher import tariffs, are expected to keep inflation elevated above the monetary policy target in the period ahead²². Under such condition, the U.S. Federal Reserve is expected to maintain its policy interest rate throughout the remainder of 2026.

The Eurozone economy is projected to expand by 0.7 percent, slowing from 1.5 percent in 2025 and revised down from the previous forecast of 1.2 percent, mainly due to a slowdown in private consumption and domestic investment, which are expected to be affected by the conflict in the Middle East through higher energy prices. This is particularly significant given that the European Union imports 14.5 percent of its total energy supply from the Middle East region. Inflation in April 2026 rose to 3.1 percent from 2.6 percent in the previous month, reaching the highest level since September 2023. Rising prices have consequently weakened consumer and business confidence²³. Consistently, the Services PMI declined to 47.6 in April, down from 50.2 in the previous month and reaching a record low. Nevertheless, the Eurozone economy is expected to be driven by government spending, particularly Germany's increased expenditures on strengthening defense capabilities and infrastructure investment, as well as spending under the EU's recovery plan. Meanwhile, the European Central Bank is likely to adopt a more restrictive monetary policy stance, in order to preserve price stability and keep inflation aligned with its medium-term target²⁴.

The Japanese economy is projected to expand by 0.6 percent, decelerating from 1.2 percent in 2025 and revised downward from the 0.7-percent growth in the previous projection. This moderation is primarily due to the conflict in the Middle East since Japan's crude oil imports from the region account for 94.0 percent of its total imports, the Japanese economy is likely to face more severe impacts compared to other major economies, particularly concerning manufacturing energy costs and supply chain disruptions caused by raw material shortages from the Middle East. Nevertheless, the impact on household consumption remains limited as the government has implemented domestic retail energy price controls, while government expenditure is anticipated to continue its steady expansion²⁵. Meanwhile, the manufacturing and export sectors remain supported by shipments of semiconductors and electronic components, driven by robust demand from AI technology investments. For monetary policy, the Bank of Japan's Monetary Policy Committee voted to maintain the policy interest rate at 0.75 percent during its April 27–28, 2026 meeting, despite continued depreciation of the exchange rate²⁶ reflecting economic risks associated with the country's high reliance on Middle Eastern crude oil.

The Chinese economy is projected to expand by 4.4 percent, decelerating from 5.0 percent in the previous year and unchanged from the previous forecast, mainly due to the continued weakness in domestic demand. This is largely attributable to persistently low investment in the real estate sector amid prolonged debt problems in the property market²⁷, as reflected in the continued decline in housing sales and prices. In addition, tightened scrutiny over foreign capital participation in strategic high-technology industries, particularly involving U.S. investors, may weigh on private investment. At the same time, exports and industrial production are expected to decelerate due to U.S. trade measures. This is reflected in the Manufacturing PMI and Services PMI, which declined to 50.3 and 49.6, respectively, in April 2026, from 50.4 and 50.2 in the previous month. Nevertheless, the Chinese economy continues to be underpinned by fiscal stimulus measures²⁸. Concurrently, on 20 April 2026, the People's Bank of China (PBOC) maintained an accommodative monetary policy stance by keeping its policy interest rate at a persistently low level.

²¹ The value of U.S. crude oil exports in March reached 10.662 billion USD, the highest level in 20 months. Likewise, liquefied natural gas (LNG) exports totaled 3.386 billion USD in March, marking the highest level since June 2022.

²² The U.S. Core Personal Consumption Expenditures (Core PCE) inflation rate has remained persistently above the Federal Reserve's 2.0-percent target since 2021.

²³ Consumer confidence declined to -20.6 in April 2026, down from -16.4 in the previous month and marking the lowest level since December 2022. Similarly, the business confidence indicator in the services sector fell to 0.9 in April from 4.0 in the previous month, reaching its lowest level since April 2021.

²⁴ On 30 April 2026, the European Central Bank (ECB) decided to maintain its policy interest rates. The deposit facility rate remained at 2.00 percent, while the marginal lending facility rate stood at 2.40 percent and the main refinancing operations rate remained at 2.15 percent.

²⁵ particularly driven by the Comprehensive Economic Measures to Build a "Strong Japanese Economy", announced on November 21, 2025, with a budget totaling 42.8 trillion yen, coupled with increased spending in public health and defense.

²⁶ The exchange rate in April 2026 stood at 159.3 yen per US dollar, depreciating from 156.8 yen per US dollar in the first quarter of 2026.

²⁷ China Vanke, one of China's largest property developers, announced an extension of its bond repayment period due to liquidity shortages, further weakening consumer confidence in the real estate sector.

²⁸ The Chinese government plans to issue special treasury bonds worth RMB 300 billion to enhance the funding capacity of financial institutions, particularly for financing related to technology and innovation development, as well as support for small and medium-sized enterprises (SMEs).

The Indian economy is projected to expand by 6.4 percent, decelerating from 7.5 percent in the previous year. This represents a downward revision from the previous estimation of 7.0 percent, primarily due to the impact of rising energy and agricultural raw material costs resulting from the Middle East Conflict. In addition, the monsoon season in 2026 is expected to receive less rainfall than the historical average, which would directly reduce agricultural output and lead to higher food prices. Nevertheless, private consumption continues to be supported by the implementation of personal income tax reform measures and the restructuring of the Goods and Services Tax²⁹. Furthermore, the manufacturing and export sectors are expected to receive support from the continuous conclusion of bilateral trade agreements with key trading partners³⁰, aimed at mitigating risks from trade measures and reducing market dependency on the US and the Middle East.

The economies of the Newly Industrialized Economies (NIEs) mostly projected to continue expanding, supported by investment and exports in high-technology and artificial intelligence-related industries, as well as proactive industrial and economic policies aimed at enhancing competitiveness, particularly measures to accelerate infrastructure investment and promote technology, innovation, and digital infrastructure³¹. In 2026, the economies of Taiwan, Hong Kong, and Singapore are projected to grow by 5.1 percent, 2.3 percent, and 3.0 percent, respectively, revised from the previous projections of 3.5 percent, 2.4 percent, and 2.5 percent, mainly due to stronger exports and production of high-technology industrial products. However, these growth rates are expected to moderate from 8.7 percent, 3.5 percent, and 5.0 percent in 2025, respectively, in line with the slowdown in the global economy and trade. Meanwhile, South Korea's economy is projected to expand by 1.8 percent, unchanged from the previous projection, as it is likely to be more affected by the Middle East conflict than other NIEs, given its relatively high dependence on energy imports from the Middle East, which account for 49.3 percent of total energy imports

The ASEAN economies are expected to decelerate from the previous year, as ASEAN member countries have a relatively high proportion of energy imports from the Middle East³². This is likely to lead to an acceleration in inflation, which would subsequently dampen domestic consumption. Nevertheless, the upward trend in high-technology and artificial intelligence investment cycle remains a key supporting factor for the continued expansion of goods exports. In 2026, the economies of Indonesia, Malaysia, the Philippines, and Vietnam are projected to expand by 4.7 percent, 4.0 percent, 4.0 percent, and 6.7 percent, decelerating from 5.1 percent, 5.2 percent, 4.4 percent, and 8.0 percent in the previous year, respectively. These projections represent upward revisions from 5.0 percent, 4.2 percent, 5.6 percent, and 6.5 percent, respectively, in line with the anticipated improvement in export performance compared to earlier estimates. Meanwhile, ASEAN central banks are expected to adopt more restrictive monetary policies in response to rising inflationary pressures across individual countries³³.

²⁹ The personal income tax reform measures include raising the tax-exempt income ceiling and adjusting the progressive tax rates downward. Meanwhile, the restructuring of the Goods and Services Tax (GST) involves consolidating tax rates into three primary categories: essential consumer goods at 5 percent, general goods and services at 18 percent, and luxury goods at 40 percent.

³⁰ Progress on India's key bilateral trade agreements includes: (1) the Comprehensive Economic & Trade Agreement with the United Kingdom; (2) the Comprehensive Economic Partnership Agreement (CEPA) with Oman, signed on December 18, 2025; (3) the Free Trade Agreement (FTA) with New Zealand on April 27, 2026, providing India with duty-free status for exported goods; and (4) the European Union Free Trade Agreement (EU-FTA), for which an agreement was reached on January 27, 2026, and is currently awaiting signing.

³¹ The Taiwanese government has implemented the Forward-looking Infrastructure Development Program to upgrade digital and technology infrastructure, alongside the Five Trusted Industry Sectors Promotion Plan (2024–2028), which aims to promote semiconductor and AI industries. Meanwhile, Singapore has adopted the Enterprise Innovation Scheme (EIS) to provide tax incentives for businesses investing in research, innovation, and workforce skills development, while also supporting R&D funding for the semiconductor sector. South Korea has advanced the K-Chips Act and the Semiconductor Mega Cluster to strengthen tax incentives, investment, and the concentration of semiconductor supply chains. Hong Kong, in turn, has promoted advanced manufacturing through the New Industrialization Acceleration Scheme (NIAS) and the Hong Kong Microelectronics Research and Development Institute to support smart factories, high-technology manufacturing, and microelectronics research and development.

³² Based on the 2025 import structure, Indonesia, Malaysia, the Philippines, and Vietnam had energy import proportions from the Middle East at 13.6 percent, 29.0 percent, 24.5 percent, and 25.6 percent of their total import values, respectively.

³³ The latest headline inflation rates in April 2026 for the Philippines and Vietnam stood at 7.2 percent and 5.5 percent, accelerating from 4.1 percent and 4.7 percent in the preceding month, respectively. Conversely, Indonesia's inflation rate was recorded at 2.4 percent, slowing from 3.5 percent, partly due to a deceleration in utility prices.

5. The Thai Economic Prospect 2026

The Thai economy for the remainder of 2026 is expected to maintain its growth momentum, supported by the expansion of domestic private demand in both consumption and investment. Public spending is also projected to provide additional impetus through expenditures under the Emergency Decree Authorizing the Ministry of Finance to Borrow the Fund to Resolve Problems, Mitigate Impact, and Ensure Energy Transition from the Energy Crisis B.E. 2569. Furthermore, the export sector is expected to continue its upward trend. However, high levels of household debt and the deteriorating credit quality of SMEs remain constraints on the continuous expansion of economic activities. Meanwhile, the Middle East Conflict is likely to exert increasing pressure on the growth and stability of the Thai economy, particularly if the situation becomes protracted or intensifies. Other significant risks that require close monitoring include global economic and financial volatility, trade protectionist measures, and highly uncertain climate conditions.

Supporting factors for the economic growth:

- 1) **Continuous expansion of private demand:** Household consumption is projected to grow steadily, supported by an expanding income base in the export and tourism sectors. The labor market also shows a positive trend with increasing non-agricultural employment and a low unemployment rate. Additionally, the accommodative monetary policy and government relief measures continue to provide support. Private investment is also expected to improve in line with the sustained expansion of goods exports, as reflected by the continued growth in investment in machinery and equipment. This is evident from the surge in the value of investment promotion applications and certificates issued in the first quarter of 2026, which grew by 142.4 percent and 61.7 percent, respectively. Investment was particularly strong in the digital industry, accounting for 41.8 percent of the total value of certificates issued. This is further supported by the accelerated growth in imports of capital goods and raw and intermediate materials (excluding fuels) in the first quarter, which expanded by 18.9 percent and 45.6 percent, respectively. At the same time, construction investment continues to grow, particularly in non-residential categories such as industrial factories. This is reflected by the permitted construction area, which expanded by 17.0 percent and 26.3 percent in January and February 2026, respectively, consistent with the increase in the number of factories and industrial estate areas by 0.04 percent and 10.5 percent respectively.
- 2) **Public spending momentum:** This is consistent with the increase in the annual expenditure budget and carry-over budget for FY2026 as follows: (1) The increase in the FY2026 annual expenditure budget to 2.44 trillion baht³⁴, representing a 6.1 percent increase from the previous fiscal year. This comprises 1.83 trillion baht in current expenditure (up 3.7 percent) and 606 billion baht in capital expenditure (down 8.5 percent). Under the baseline assumption of a 91.0 percent disbursement rate—comprising 98.0 percent for current expenditure and 70.0 percent for capital expenditure—it is projected that 2.22 trillion baht will be disbursed into the economy, a 2.5 percent increase. This includes 1.80 trillion baht in current expenditure (up 1.5 percent) and 424 billion baht in capital expenditure (up 7.0 percent). (2) The FY2026 carry-over budget totals 264 billion baht, an increase of 23.6 percent from the previous year, consisting of 29.1 billion baht in current expenditure and 235 billion baht in capital expenditure, representing growth of 5.2 percent and 26.2 percent, respectively. For the FY2027 annual budget, assuming the regular budgetary process, the disbursement rate in the first quarter of FY2027 is projected at 25.9 percent, comprising 31.3 percent for current expenditure and 11.6 percent for capital expenditure, which represents a decrease of 30.2 percent and 0.2 percent compared to the previous year, respectively. (3) Disbursement under the Emergency Decree Authorizing the Ministry of Finance to Borrow Money to Resolve Problems, Mitigate Impact, and Ensure Energy Transition from the Energy Crisis B.E. 2569.
- 3) **Continuous export growth:** This aligns with the rising demand for high-technology products, particularly in semiconductors and artificial intelligence (AI) infrastructure. According to the World Semiconductor Trade Statistics (WSTS), the global semiconductor market in 2026 is projected to reach 975 billion US dollars, representing a 26.3 percent growth compared to 22.5 percent in the previous year, particularly in Asian and US markets. This trend is expected to support the continuous expansion of Thai electronics exports³⁵. At the same time, the Thai export sector is supported by the removal of US reciprocal tariffs³⁶, leading to a reduction in import tariffs for Thai products. The effective rate for imports from Thailand in March 2026 stood at 5.3 percent, decreasing from a peak of 10.1 percent in January, and was lower than the rates of 14.6 percent and 7.0 percent imposed on Indonesia and Vietnam in March, respectively.

³⁴ Excludes subsidies and central budgets for economic stimulus and strengthening programs.

³⁵ In the first quarter of 2026, exports of electronics grew significantly, including telephones and parts (up 189.4 percent), computers and parts (up 47.8 percent), and machinery and parts (up 18.0 percent).

³⁶ The US Supreme Court ruled on February 20, 2026, that the US government lacked legal authority under the IEEPA to collect reciprocal tariffs. On May 7, 2026, the US Court of International Trade ordered the US government to suspend the collection of Section 122 tariffs at 10 percent on various countries worldwide. However, on May 12, 2026, the US Court of Appeals for the Federal Circuit granted a temporary stay on the trade court's ruling, allowing the 10 percent Section 122 tariffs to continue being collected during the legal proceedings.

Accelerating and Monitoring Capital Expenditure Disbursement and State-Owned Enterprises' Investment Projects to Maintain the Momentum of Public Spending and Investment in Fiscal Year 2026

In the second quarter of fiscal year 2026, capital expenditure disbursement under the annual budget and the carry-over budget increased by 2.6 percent and 13.9 percent, respectively. Meanwhile, the disbursement of state-owned enterprises' (SOEs) capital expenditure decreased by 5.4 percent. For the first half of fiscal year 2026, capital expenditure disbursement under the annual budget and the carry-over budget expanded by 13.4 percent and 16.2 percent, respectively, while the disbursement of SOEs' capital expenditure increased by 13.2 percent.

The top five major investment projects of government agencies with the largest capital expenditure budgets in fiscal year 2026 were mainly concentrated in transport infrastructure, basic infrastructure, and water management. Among these projects, those with cumulative disbursement rates exceeding 40 percent in the first half of fiscal year 2026 included the Maintenance and Management of Highway and Bridge Network under the Ministry of Transport, with an investment budget of 36.4 billion Baht and a cumulative disbursement rate of 49.3 percent; the Improvement and Support for Irrigation Water Management Project under the Ministry of Agriculture and Cooperatives, with an investment budget of 34.5 billion Baht and a cumulative disbursement rate of 40.4 percent; and the Water Source Procurement and Irrigation Area Expansion Project under the Ministry of Agriculture and Cooperatives, with an investment budget of 23.5 billion Baht and a cumulative disbursement rate of 40.5 percent. However, several major investment projects with large budget allocations recorded relatively low cumulative disbursement rates. These included the Construction of National Highway Network Project under the Ministry of Transport and the Armed Forces Capability Development Project under the Ministry of Defense, with investment budgets of 57.3 billion Baht and 37.5 billion Baht, respectively. Their cumulative disbursement rates stood at only 16.9 percent and 17.8 percent, respectively. Therefore, it is necessary to accelerate the disbursement of these investment funds into the economy during the remainder of fiscal year 2026.

Major Investment Projects of Government Agencies, Fiscal Year 2026

Investment Project	Agency	Budget (THB million)	Disbursed (THB million)	Obligated (THB million)	Cumulative Disbursement Rate (%)
➤ Construction of National Highway Network Project	Ministry of Transport	57,252.0	9,693.7	31,080.2	16.9%
➤ Armed Forces Capability Development Project	Ministry of Defense	37,526.3	6,673.3	5,088.8	17.8%
➤ Maintenance and Management of Highway and Bridge Network	Ministry of Transport	36,403.6	17,930.1	13,422.8	49.3%
➤ Improvement and Support for Irrigation Water Management Project	Ministry of Agriculture and Cooperatives	34,501.9	13,935.0	9,461.4	40.4%
➤ Water Source Procurement and Irrigation Area Expansion Project	Ministry of Agriculture and Cooperatives	23,532.8	9,521.2	8,071.0	40.5%

Source: GFMS as of 27th April 2026

For the top ten major investment projects of state-owned enterprises with the largest capital expenditure budgets in fiscal year 2026, actual disbursement during the first half of fiscal year 2026 was higher than planned for seven projects and lower than planned for three projects. The projects with actual disbursement higher than planned included: (1) Cooperation project between the Government of the Kingdom of Thailand and the Government of the People's Republic of China in developing a high-speed rail system to connect the region Bangkok-Hong Khai section (Phase 1 Bangkok-Nakhon Ratchasima section) under the State Railway of Thailand (SRT), with an investment budget of 11.9 billion Baht and a cumulative disbursement rate of 43.7 percent; (2) The MRT Purple Line Project (Tao Poon - Rat Burana Section) under the Mass Rapid Transit Authority of Thailand (MRTA), with an investment budget of 11.3 billion Baht and a cumulative disbursement rate of 67.8 percent; (3) Den Chai - Chiang Rai - Chiang Khong Railway Construction Project under the SRT, with an investment budget of 8.2 billion Baht and a cumulative disbursement rate of 114.9 percent; and (4) The MRT Orange Line Project (Bang Khun Non - Thailand Cultural Centre Section) under the MRTA, with an investment budget of 7.1 billion Baht and a cumulative disbursement rate of 79.1 percent. In addition, three electricity system investment projects recorded actual disbursement higher than planned. These comprised: (5) Transmission System Improvement Project in Northeastern, Northern, Central Regions and Bangkok for Enhancing System Security under the Electricity Generating Authority of Thailand (EGAT), with an investment budget of 4.5 billion Baht and a cumulative disbursement rate of 29.5 percent; (6) Transmission and Distribution System Development Project, Phase 2 under the Provincial Electricity Authority (PEA), with an investment budget of 3.5 billion Baht and a cumulative disbursement rate of 42.1 percent; and (7) Power Distribution System Improvement and Extension Project, Phase 13, Part 2 under the Metropolitan Electricity Authority (MEA), with an investment budget of 3.5 billion Baht and a cumulative disbursement rate of 9.4 percent.

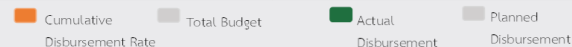
Accelerating and Monitoring Capital Expenditure Disbursement and State-Owned Enterprises' Investment Projects to Maintain the Momentum of Public Spending and Investment in Fiscal Year 2026 (Cont.)

Meanwhile, the three projects with actual disbursement lower than planned were: (1) The 9th Metropolitan Waterworks Improvement Master Plan Project under the Metropolitan Waterworks Authority (MWA), with an investment budget of 6.4 billion Baht and a cumulative disbursement rate of 26.7 percent; (2) Chalong Rat Expressway Extension Project (Chatu Chot - Lam Luk Ka Road Section) under the Expressway Authority of Thailand (EXAT), with an investment budget of 5.1 billion Baht and a cumulative disbursement rate of 33.7 percent; and (3) Laem Chabang Port Development Project, Phase 3 under the Port Authority of Thailand (PAT), with an investment budget of 4.4 billion Baht and a cumulative disbursement rate of 50.8 percent.

Therefore, to maintain the momentum of public investment in supporting Thailand's economic expansion during the remainder of fiscal year 2026, priority should be given to accelerating and closely monitoring the disbursement of major investment projects with low disbursement rates or delays relative to planned disbursement. Key projects requiring close monitoring include the Construction of National Highway Network Project under the Ministry of Transport, the Armed Forces Capability Development Project under the Ministry of Defense, and major SOE investment projects with actual disbursement lower than planned, namely The 9th Metropolitan Waterworks Improvement Master Plan Project under the MWA, Chalong Rat Expressway Extension Project (Chatu Chot - Lam Luk Ka Road Section) under EXAT, and Laem Chabang Port Development Project, Phase 3 under PAT.

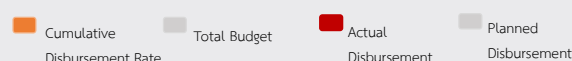
Major Investment Projects of State-Owned Enterprises, Fiscal Year 2026

Investment Project	Agency	Budget (THB million)	Cumulative Disbursement Rate (%)	Actual Disbursement Compared with Planned Disbursement (%)
Projects with Actual Disbursement Higher than Planned				
➤ Cooperation project between the Government of the Kingdom of Thailand and the Government of the People's Republic of China in developing a high-speed rail system to connect the region Bangkok-Nong Khai section (Phase 1 Bangkok-Nakhon Ratchasima section)	SRT	11,895.6	100.0% 43.7%	100.0% 110.0%
➤ The MRT Purple Line Project (Tao Poon - Rat Burana Section)	MRTA	11,326.4	100.0% 67.8%	100.0% 112.8%
➤ Den Chai - Chiang Rai - Chiang Khong Railway Construction Project	SRT	8,243.7	100.0% 114.9%	100.0% 199.2%
➤ The MRT Orange Line Project (Bang Khun Non - Thailand Cultural Centre Section)	MRTA	7,057.0	100.0% 79.1%	100.0% 109.4%
➤ Transmission System Improvement Project in Northeastern, Northern, Central Regions and Bangkok for Enhancing System Security	EGAT	4,489.3	100.0% 29.5%	100.0% 323.5%
➤ Transmission and Distribution System Development Project, Phase 2	PEA	3,500.0	100.0% 42.1%	100.0% 172.15%
➤ Power Distribution System Improvement and Extension Project, Phase 13, Part 2	MEA	3,464.9	100.0% 9.4%	100.0% 129.3%



Projects with Actual Disbursement Lower than Planned				
➤ The 9th Metropolitan Waterworks Improvement Master Plan Project	MWA	6,367.5	100.0% 26.7%	100.0% 83.3%
➤ Chalong Rat Expressway Extension Project (Chatu Chot - Lam Luk Ka Road Section)	EXAT	5,063.0	100.0% 33.7%	100.0% 94.7%
➤ Laem Chabang Port Development Project, Phase 3	PAT	4,427.5	100.0% 50.8%	100.0% 99.3%

Source: State Enterprise Investment Division, NESDC



Risks and limitations to economic growth:

- 1) **The prolonged geopolitical conflict in the Middle East:** This has caused damage to energy production sources in the region and led to the closure of shipping routes through the Strait of Hormuz. This has severely impacted energy supply and caused energy prices to rise significantly, as reflected by Dubai crude oil prices in the Singapore market in March and April, which averaged 117.2 USD per barrel compared to an average of 67.5 USD per barrel in February prior to the situation. This led to an increase in domestic retail diesel prices and caused Thailand's Producer Price Index in April to rise by 9.1 percent, accelerating from 6.0 percent in March and (-0.5) percent in February. Meanwhile, the Consumer Price Index (CPI) in April rose by 2.9 percent from (-0.08) percent in the previous month. The impact of rising energy costs on the manufacturing sector varies depending on the proportion of energy dependency. Manufacturing sectors with high energy dependency that are likely to be severely affected include transportation, fisheries, petrochemicals and chemicals, plastic products, iron and steel, cement and construction materials, and the hospitality sector. Concurrently, the conflict has also affected the costs and shipping volumes of key raw materials, particularly those primarily imported by Thailand from the Middle East, such as naphtha, ethane, synthetic fibers, ammonia, propane, and helium³⁷, which are essential raw materials for various Thai manufacturing industries, as well as urea³⁸, a primary fertilizer used for major field crops.
- 2) **Risks from the slowdown of the global economy and trade, and volatility in financial and capital markets:** This may affect Thailand's economic expansion and economic stability. Global economic risk conditions that must be closely monitored and assessed include: (1) **Trade protectionist measures by the US;** although current US import tariffs are lower than those in 2025 following the repeal of Reciprocal Tariffs since February 20, 2026, the US government is likely to enforce additional trade measures, particularly under political pressure ahead of the US midterm elections in late 2026. These include tariffs on transshipment goods, the reinstatement of high import tariffs on China after the grace period ends on November 10, 2026, the removal of items from the tax-exempt list under the USMCA agreement, and the imposition of product-specific import tariffs. (2) **The trend of delayed policy interest rate cuts by major central banks amid rising inflationary pressures** following the surge in energy prices from the Middle East Conflict. If interest rates remain at a "Higher-for-longer" level, it could impact demand expansion and tighten financial and capital markets. Furthermore, global economic uncertainty may lead investors to reallocate portfolios toward lower-risk assets, potentially resulting in capital outflows from emerging market economies, especially those with economic stability risks, leading to further depreciation pressure on exchange rates. (3) **The slowdown of the Chinese economy** due to the real estate sector, which has yet to recover, impacting consumer and business confidence. This is compounded by industrial overcapacity, which may lead to the dumping of goods into other countries, affecting manufacturers in many nations. (4) **Risks from limited fiscal space** amid high public debt and rising government bond yields, which may affect the fiscal stability of developing countries, emerging markets, and low-income countries, potentially leading to confidence crises and debt defaults. and (5) **The Hantavirus outbreak**, for which several countries have issued high-level alerts³⁹. This may impact international travel and tourism, and lead agricultural and agro-processing product importers—which are Thailand's key exports—to increase the stringency of sanitary standards for imported goods⁴⁰.
- 3) **High household debt levels and the deteriorating credit quality of SME loans:** This will act as a constraint on the recovery of domestic demand. The household debt-to-GDP ratio increased for the first time in the fourth quarter of 2025, after declining continuously for the previous seven quarters, and remains higher than pre-COVID-19 levels. Meanwhile, household and business incomes face risks from the Middle East Conflict, which could further weaken debt-servicing capacity and increase the risk of default, particularly among vulnerable/low-income groups and SMEs. This will lead to a further decline in credit quality, causing financial institutions to remain stringent in lending, thereby impacting access to capital and liquidity for small-scale borrowers and SMEs, which will likely dampen domestic demand in the long term.

³⁷ In 2025, Thailand's import proportions from the Middle East for naphtha accounted for 90.2 percent of total imports, while helium and propane imports from the region accounted for 56.8 percent and 43.3 percent of total imports, respectively.

³⁸ In 2025, Thailand's import proportions from the Middle East for urea, phosphate, and potash accounted for 71.4 percent, 4.2 percent, and 24.8 percent of total imports, respectively.

³⁹ As of May 13, 2026, countries that have issued high-level alerts include the US, the United Kingdom, Canada, Germany, Singapore, Switzerland, New Zealand, Denmark, the Netherlands, Saint Kitts and Nevis, Sweden, and Turkey, with 11 patients identified.

⁴⁰ Particularly the tightening of Sanitary and Phytosanitary (SPS) measures to prevent contamination, as well as an increase in Technical Barriers to Trade (TBT) through packaging standards or requirements for Biosafety Certificates.

Risks to Debt Servicing Capacity of Thai households and businesses amid the impact of the Middle East conflict

At the end of the first quarter of 2026, outstanding private loans from depository institutions returned to modest growth. However, credit conditions remained fragile, with business loans expansion continuing to be concentrated among large corporates, while SME loans remained in contraction and loan quality continued to deteriorate. This was reflected in the ratio of Non-Performing Loans (NPLs) to total SME loans, which stood at 9.12 percent at end of the fourth quarter of 2025¹, increasing from 8.51 percent in the same period of the previous year. Meanwhile, the ratio of Stage 2 loans to total SME loan rose to 15.82 percent from 14.78 percent in the same quarter of the previous year. For household lending, although overall loan quality did not deteriorate significantly, elevated household debt burdens continued to prompt financial institutions to continuously tighten credit standards for households. This has become a major constraint on private consumption going forward. In addition, rising energy prices stemming from the Middle East conflict are likely to further weaken the debt servicing of both households and businesses. Details are as follows;

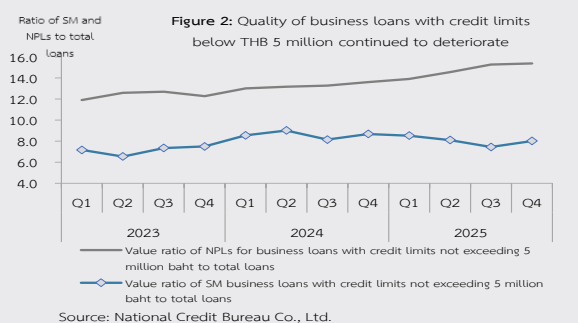
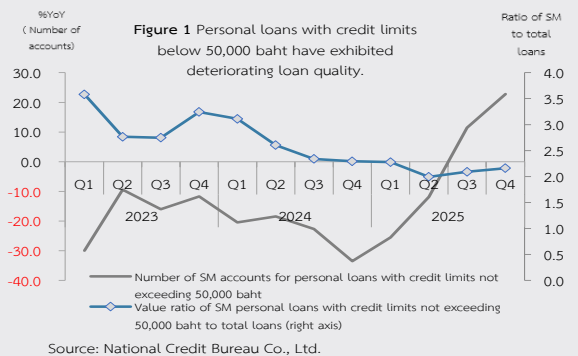
1) Impact on Household Debt Servicing Capacity. Higher transportation costs and raising consumer prices resulting from elevated energy prices are likely to reduce households’ real income. This would lower disposable income after essential expenditures and weaken households’ debt servicing capacity. **The households most likely to be affected first are low-income households and those with high debt service burdens** — groups whose repayment capacity is particularly sensitive to income changes. Data from the National Credit Bureau indicate that in 2025, the number of personal loan accounts with credit lines not exceeding THB 50,000 that are 31–90 days past due — classified as Special Mention Loans (SM)² — has been rising continuously. Households with such accounts are not only currently facing debt repayment difficulties but are also likely to face further repayment pressure from higher energy prices.³

2) Impact on Business Debt Servicing Capacity. Businesses are likely to face increasing pressure on their debt servicing capacity due to rising energy prices, transportation costs, and higher cost of key production inputs, including plastic products, plastic packaging, and fertilizers. **Business sectors that facing elevated risks to debt servicing capacity include: (1) businesses with a high share of energy and transportation cost, such as transportation, logistics, fisheries, aviation, and public transportation services; (2) businesses that rely heavily on energy and petrochemical related raw materials or production inputs, such as plastics, plastic packaging, fertilizers, chemicals, and construction materials; and (3) downstream businesses that use such products as key production inputs, including restaurants, food processing, agriculture, wholesale and retail trade, and packaging businesses.**

Businesses operating in these sectors that already face liquidity constraints, high debt burdens, or deteriorating loan quality are likely to face greater risks of weakened debt servicing capacity in the future, particularly SMEs with limited ability to pass through rising costs to higher selling prices. According to data from the National Credit Bureau, indicate that, since 2015, SMEs with outstanding loan not exceeding THB 5 million have experienced a continuous deterioration in both Special Mention (SM) loans ratios and Non-Performing-Loans (NPLs) ratios (Figure 2). This suggests that such businesses are already vulnerable to cost pressures and liquidity constraints. Additional pressures from raising energy price, transportation cost, and production input prices would further weaken business profitability and liquidity, thereby undermining their future debt servicing capacity even further.⁴

In this regard, the government has implemented relief measures to assist those affected by the Middle East conflict, following the Cabinet resolution on April 11, 2026. These measures include several soft loan programs comprising; (1) Half-Interest Loan Program to reduce production costs; (2) the Energy Sustainability Transition Loan Program for individuals; and (3) the GSB Soft Loan program for Thai Business rehabilitation, for which eligibility criteria have been expanded to cover a broader group of affected borrowers. In addition, other government agencies have introduced supplementary measures to mitigate the impacts of the Middle East crisis, including; (1) Cool and Happy Home Loan, Home Number 5 Loan, and Solar Roof Loan, operated by the Government Housing Bank; (2) the EXIM Support Plus, operated by the Export-Import Bank of Thailand; (3) the SME Green Productivity Loan, operated by the Small and Medium Enterprise Development Bank of Thailand; (4) Relief measures for vulnerable groups; and (5) Relief measures for government contractors.

Going forward, relevant agencies should closely monitor the pass-through of higher energy cost on goods and services prices, as these developments could adversely affect the loan quality of both households and businesses. At the same time, the implementation outcomes of the relief measures for affected groups should be systematically and continuously monitored and evaluated to identify operational challenges, constraints, and policy effectiveness, thereby ensuring that assistance measures remain well-targeted and effective.



¹ Data from table FI_NP_008_S2: Outstanding Loans of Commercial Banks Classified by Loan Classification, Bank of Thailand.
² Loans that are 31–90 days past due.
³ Consistent with findings from Bank of Thailand research (Nualsri et al., 2014), which conclude that rising inflation is associated with changes in household SME credit — specifically, higher inflation leads to an increase in household SM loans in the following quarter.
⁴ This trend is consistent with Bank of Thailand research findings indicating that rising oil prices are associated with changes in business SM loans — specifically, higher oil prices lead to an increase in SM loans over the subsequent three quarters, reflecting that production cost pressures can transmit into business credit quality risks going forward.

4) Increasing volatility of climate conditions: This is expected to increasingly affect economic activities, particularly in the agricultural sector. Despite the high levels of accumulated water storage, as reflected by the situation in 35 large-scale reservoirs nationwide⁴¹, where total water storage volume stood at 19,041 million cubic meters—representing an increase of 5.9 percent compared to the corresponding period of the previous year and a 20.3 percent increase relative to the five-year average (2021–2025)—the latter half of 2026 faces significantly heightened risks of transitioning into an El Niño phenomenon. According to the latest ENSO probability forecast as of May 2026, the probability index for the occurrence of El Niño is estimated within the range of 0.92–0.98 during the third quarter of 2026 and 0.96–0.98 during the fourth quarter of 2026. Such conditions are expected to lead to prolonged dry spells and droughts, which are likely to adversely affect productivity and harvested areas in the 2026/2027 crop year for major agricultural commodities, such as major rice, cassava, and maize. This may subsequently exert downward pressure on farmers' incomes and the supply chains of the agro-processing industry.

The outlook of the El Niño phenomenon and its impacts on the Thai agricultural sector during the second half of the year

According to the latest ENSO probability forecast in May 2026, the probability for the occurrence of the El Niño phenomenon during the second half of 2026 has increased substantially compared to the previous forecast. The probability of El Niño occurring during the second half of 2026 is projected to range from 0.92 to 0.98 in the third quarter of 2026, and from 0.96 to 0.98 in the fourth quarter of 2026¹. This reflects a transition from the Neutral state to El Niño that is swifter and more severe than previously anticipated in the forecasts of January and February 2026.

El Nino Probabilities	2026												2027
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
As of January 2026	0.00	0.00	0.02	0.11	0.25	0.38	0.50	0.57	0.61				
As of February 2026		0.00	0.00	0.01	0.07	0.25	0.42	0.52	0.59	0.61			
As of March 2026			0.00	0.01	0.15	0.45	0.62	0.72	0.80	0.82	0.83		
As of April 2026				0.00	0.20	0.61	0.79	0.87	0.90	0.92	0.93	0.92	
As of May 2026					0.16	0.82	0.92	0.96	0.98	0.98	0.98	0.98	0.96

Source: National Oceanic and Atmospheric Administration (NOAA)

For the remainder of 2026, the El Niño phenomenon remains a major risk factor for the Thai agricultural sector, characterized by rainfall levels below the national average (1,623.9 millimeters) and uneven distribution, which could lead to multi-dimensional risks as follows: **(1) Production risk:** Major crops, particularly paddy (with a cultivated area of 66.12 million rai), face a high risk of yield reduction due to water shortages during the planting and growth periods (June to August 2026) in the Northeastern region, including Ubon Ratchathani, Nakhon Ratchasima, and Surin, and the Upper Central region, such as Nakhon Sawan, Phitsanulok, and Kamphaeng Phet. Additionally, other economic crops, such as cassava (with a cultivated area of 8.80 million rai), sugarcane (with a cultivated area of 10.08 million rai), and maize (with a cultivated area of 6.51 million rai), are expected to see a decline in yield per rai due to the severity of weather conditions, despite their relative tolerance to drought. Furthermore, the fruit group² (with a cultivated area of 5.67 million rai) and vegetables and flowers³ (with a cultivated area of 0.45 million rais) face risks of deteriorated product quality, particularly for fruits requiring consistent water supply, such as durian (with a cultivated area of 1.95 million rai), mangosteen (with a cultivated area of 0.40 million rai), and longan (with a cultivated area of 1.63 million rai), respectively. **(2) Cost:** Production costs tend to increase from higher crop maintenance (accounting for 39.87 percent of the agricultural sector) and water procurement expenses (accounting for 0.27 percent of the agricultural sector)⁴; and **(3) Income:** The impacts of reduced yields while rising costs subsequently result in a decline in farm income, exerting downward pressure on domestic consumption. Concurrently, agricultural exports (accounting for 8.15 percent of total merchandise exports in 2025) face risks of being affected in terms of both volume and quality, which could potentially impact export revenue and Thailand's competitiveness in the global market.

Consequently, to prepare for uncertainties and sustainably build resilience for the Thai agricultural sector (accounting for 8.89 percent of GDP), the government needs to maintain close surveillance and implement critical policies, as follows: **(1) elevating proactive water resource management**, especially by accelerating water allocation plans for economic crops and promoting low-water-use crops in non-irrigated areas⁵ (representing 75.83 percent of the total cultivated area) to reduce the risk of water shortages during the second half of 2026; in tandem with **(2) diversifying risks in the production input supply chain** by coordinating the procurement of alternative import sources for chemical fertilizers to mitigate dependency on the Middle East (which accounts for 71.4 percent of total imports), while accelerating the adoption of agricultural technology for tailor-made fertilizer application based on soil profiles and localized soil analysis to match specific crop types across different regions, which will enhance the efficiency of chemical fertilizer utilization and alleviate the burden of expensive agrochemical costs.

¹ 1.0 indicates a 100-percent chance of such conditions occurring, while 0.0 indicates no chance of occurrence.
² Consists of the productive cultivated areas of longan, durian, mangosteen, rambutan, longkong, lychee, coconut, tangerine, and Hom banana
³ Consists of the productive cultivated areas of orchids, tomatoes, baby corn, and sweet corn.
⁴ Data on the proportion of intermediate inputs for water supply, and fertilizer and pesticides are from the Input-Output Table of Thailand, 2021.
⁵ Agricultural Statistics of Thailand 2023, Office of Agricultural Economics.

⁴¹ Data from the Smart Water Operation Center (SWOC), Royal Irrigation Department, as of April 30, 2026.

Key Assumptions for 2026 Economic Projection:

World Economic Projection and Other Key Assumptions

	Actual Data			Projection for 2026	
	2023	2024	2025	Feb 16 th , 2026	May 18 th , 2026
World Economic Growth (%) ^{1/}	3.1	3.3	3.6	3.0	2.9
US	2.9	2.8	2.1	2.1	2.3
Eurozone	0.4	0.9	1.4	1.2	0.7
Japan	0.7	-0.2	1.2	0.7	0.6
China	5.4	5.0	5.0	4.4	4.4
Global Trade Volume (%)	0.9	3.7	5.1	2.6	3.6
Exchange Rate (Baht/US Dollar)	34.8	35.3	32.9	31.0 – 32.0	32.0 – 33.0
Dubai Crude Oil (US Dollar/Barrel)	81.9	79.7	68.3	58.0 – 68.0	85.0 – 95.0
Export Price (US Dollar) (%)	1.2	1.4	0.7	0.5 – 1.5	1.8 – 2.8
Import Price (US Dollar) (%)	0.3	0.8	3.0	1.0 – 2.0	5.3 – 6.3
Number of foreign tourists (Million persons)	28.1	35.5	33.0	35.0	32.0
Income from Tourism (Trillion Baht) ^{2/}	1.07	1.50	1.47	1.65	1.49

Notes: ^{1/} World economic growth is a trade-weighted average of 15 key economic partners

^{2/} Based on the Bank of Thailand's balance of payment data and forecasted by the NESDC

Source: NESDC as of May 18th, 2026

- 1) The world economy in 2026 is projected to expand by 2.9 percent**, decelerating from 3.6 percent in 2025 and revised down from 3.0 percent in the previous assumption. This follows downward revisions for major economies, including the Eurozone, the United Kingdom, Japan, and India, due to the impact of the Middle East Conflict, which directly affects countries with high energy import dependency from the Middle East⁴². However, international trade continues to expand steadily, driven by rising demand for electronics related commodities. Additionally, the partial repeal of US import tariffs is expected to support emerging markets and developing economies. Under these trends, **global trade volume in 2026 is projected to expand by 3.6 percent**, revised up from 2.6 percent in the previous estimation, though slowing from 5.1 percent in the previous year.
- 2) The average exchange rate in 2026 is anticipated to be in the range of 32.0 – 33.0 baht per US dollar** (midpoint of 32.5 baht per US dollar), depreciating from 32.9 baht per US dollar in 2025 and revised from the previous projection of 31.0 – 32.0 baht per US dollar. This is consistent with the baht's depreciation trend in March and April following the Middle East Conflict, averaging 32.3 baht per US dollar and 32.4 baht per US dollar, respectively. It also aligns with the strengthening of the Trade-weighted US dollar index. For the remainder of the year, the baht is likely to exhibit volatility with a depreciation bias due to uncertainties surrounding the Middle East Conflict and US trade measures, leading investors to shift toward lower-risk assets. Furthermore, the delayed policy interest rate cuts by the Federal Reserve (Fed) will exert pressure on the currencies of developing and emerging market economies, particularly those with high energy dependency on the Middle East. Additionally, the narrowing current account surplus due to slowing exports and tourism receipts will further pressure the baht to be depreciated.
- 3) The average Dubai crude oil price in 2026 is expected to be in the range of 85.0 – 95.0 US dollars per barrel** (midpoint of 90.0 US dollars per barrel), declining from 68.3 US dollars per barrel in 2025 but revised upward from the previous estimation of 63.0 US dollars per barrel. This revision reflects the impact of the Middle East Conflict on crude oil supply from the region, which accounts for approximately 20 percent of global supply. This has accelerated Dubai crude oil prices from an average of 68.4 US dollars per barrel in February 2026 to 129.3 US dollars per barrel in March and 106.3 US dollars per barrel in April. Under the baseline assumption that the Middle East Conflict will subside in the first half of 2026 and shipping through the Strait of Hormuz can resume, global oil prices are expected to gradually decline in the second half of 2026.
- 4) Export prices in US dollar terms in 2026 are expected to increase within the range of 1.8 – 2.8 percent** (midpoint of 2.3 percent), accelerating from 0.7 percent in 2025 and revised upward from the previous estimation of 0.5 – 1.5 percent (midpoint of 1.0 percent) in line with rising energy and primary industrial product prices. Similarly, **import prices are projected to expand by 5.3 – 6.3 percent** (midpoint of 5.8 percent), accelerating from 3.0 percent in the previous year and revised upward from the prior assumption of 1.0 – 2.0 percent (midpoint of 1.5 percent), driven significantly by higher crude oil and natural gas prices.
- 5) Revenue from foreign tourists in 2026 are projected at 1.49 trillion baht**, revised down from the previous estimation of 1.65 trillion baht. This is in line with the declining trend in international tourist arrivals due to the impact of the Middle East Conflict, which has led to higher airfares and airport closures, particularly among carriers operating from the Middle East. Consequently, total foreign tourist arrivals in 2026 are projected at 32.0 million persons, revised down from the previous estimate of 35.0 million persons. The decline is expected to be concentrated among long-haul travelers

⁴² In 2025, South Korea, India, Taiwan, Singapore, and China had energy import proportions from the Middle East at 49.3 percent, 48.9 percent, 45.4 percent, 44.3 percent, 37.1 percent, and 36.1 percent of their total energy imports, respectively.

and tourists from the Middle East, who typically exhibit relatively high spending patterns. Thus, average spending per head is projected at THB 46,736 per person per trip, declining from the previous estimate of THB 47,147 per person per trip.

- 6) Budget disbursement assumptions are as follows:** (1) The FY2026 annual budget disbursement rate is assumed at 91.0 percent of the total budget framework, unchanged from the previous projection, comprising 98.0 percent for current expenditure and 70.0 percent for capital expenditure. (2) The FY2026 carry-over budget disbursement rate is assumed at 90.5 percent of the total carry-over budget framework, unchanged from the previous projection, comprising 95.0 percent for current expenditure and 90.0 percent for capital expenditure, respectively. (3) The disbursement rate of state-owned enterprises' capital budget in 2026 (covering a 15-month period from October 2025 to December 2026) is assumed at 95.5 percent of the total budget framework, equivalent to approximately 339 billion baht in capital investment, declining by 4.02 percent from the previous year. and (4) Disbursement under the Emergency Decree authorizing the Ministry of Finance to borrow for addressing the impacts of the energy crisis and supporting the country's energy transition, B.E. 2569, with a total budget framework of 400 billion baht, is expected to be disbursed about 172 billion baht under Program 1 and 50 billion baht under Program 2 within CY2026.

The Thai Economic Prospect 2026

The Thai economy in 2026 is projected to expand within the range of 1.5 - 2.5 percent (midpoint projection of 2.0 percent), compared with 2.4 percent in 2025. Headline inflation is expected to be in the range of 2.0 - 3.0 percent, and the current account is projected to record a surplus of 1.0 percent of GDP.

In its press release on May 18th, 2026, the National Economic and Social Development Council (NESDC) projected that the Thai economy in 2026 would expand by 1.5 - 2.5 percent, with a midpoint of 2.0 percent, decelerating from 2.4 percent in 2025. This maintains the growth projection from the previous projection on February 16th, 2026, but reflects adjustments in the components of economic growth to align with evolving conditions and key forecasting assumptions as follows:

- 1) Adjustment of public expenditure assumptions,** comprising: (1) The assumption for the FY2027 annual expenditure budget, which is expected to be enacted and disbursed according to the regular budgetary process in October 2026. This is sooner than the previous assumption which anticipated a one-quarter disbursement delay. Consequently, the disbursement rate in the first quarter of FY2027, particularly for capital expenditure, is likely to be higher than the previous estimate. (2) Public expenditure under the Emergency Decree Authorizing the Ministry of Finance to Borrow the Fund to Resolve Problems, Mitigate Impact, and Ensure Energy Transition from the Energy Crisis B.E. 2569, with a total limit of 400,000 million baht. It is expected that approximately 222,000 million baht will be disbursed in 2026, consisting of 172,000 million baht in transfer payments to alleviate the cost of living and reduce economic impacts on citizens, farmers, and entrepreneurs, and 50,000 million baht for long-term energy restructuring. As a result, private consumption and public investment are projected to expand by 2.5 percent and 3.1 percent, revised up from 2.1 percent and 1.7 percent in the previous projection, respectively.
- 2) Adjustment of world trade volume assumptions** to align with the continued expansion in demand for electronics products, driven by rising high-technology and artificial intelligence (AI) investment. This outlook is further supported by the reduction of US import tariffs following rulings by the Supreme Court and the Court of International Trade stating that the US government's tariff increases were unlawful. Consequently, the world trade volume in this projection is expected to expand by 3.6 percent, revised up from 2.6 percent in the previous projection. Under these trends, the export value of goods and private investment are projected to expand by 9.6 percent and 3.7 percent, revised up from 2.0 percent and 1.9 percent in the previous projection, respectively.
- 3) Adjustment of foreign tourist arrival assumptions,** following a downward trend, particularly among tourists from the Middle East and long-haul markets. In this projection, foreign tourist arrivals are expected to reach 32.0 million people, revised down from 35.0 million people in the previous projection. Consequently, revenue from foreign tourists is projected at 1.49 trillion baht, compared with 1.65 trillion baht in the previous projection.
- 4) Adjustment of oil price assumption** following the Middle East Conflict, which has led to an increase in world energy prices. As crude oil exports from the Middle East account for approximately 20 percent of world exports, this conflict has a direct impact on world supply. Consequently, the Dubai crude oil price rose from 71.2 US dollars per barrel prior to the conflict on February 27th, accelerating to a peak of 169.8 US dollars per barrel on March 23rd, 2026, before declining to an average of 106.3 US dollars per barrel in April. The average Dubai crude oil price from the beginning of the year until May 14th, 2026, stood at 93.1 US dollars per barrel. Oil prices are expected to gradually decline following the easing of the situation in the second half of the year. As a result, the Dubai crude oil price assumption for 2026 has been revised in this projection to an average of 85.0 – 95.0 US dollars per barrel, an increase from 58.0 – 68.0 US dollars per barrel in the previous estimation.

Key components of Economic growth;

- 1) Total Consumption:** (1) **Private consumption expenditure** is expected to grow by 2.4 percent, following 2.7 percent in 2025, and revised upward from 2.1 percent in the previous projection, supported by government mitigation measures. (2) **Government consumption expenditure** is projected to grow by 1.2 percent, unchanged from the prior estimate and accelerating from 0.6 percent in 2025, in line with the expanded annual and carry-over budget frameworks for FY2026.
- 2) Total investment** is expected to grow by 3.5 percent, slowing from 4.9 percent in the previous year but revised upward from 1.8 percent in the previous projection. (1) **Private investment** is projected to grow by 3.7 percent, accelerating from 3.5 percent and revised upward from 1.9 percent, driven by sustained investment in machinery and equipment, particularly in high-technology and digital sectors. (2) **Public investment** is anticipated to grow by 3.1 percent, slowing from 8.9 percent in 2025 but revised upward from 1.7 percent due to the accelerated FY2027 budget enactment and spending under the Emergency Decree.
- 3) The export value of goods in US dollar terms** is projected to expand by 9.6 percent, slowing from 12.7 percent in 2025 but revised upward from 2.0 percent in the previous forecast, reflecting eased trade-restrictive measures from the US and strong demand for high-technology products. However, services exports are expected to decelerate in line with lower tourist arrivals. Revenue from foreign tourists is projected at 1.49 trillion baht, revised downward from 1.65 trillion baht but still higher than 1.47 trillion baht in 2025 due to higher expenditure per head. Consequently, **the total volume of exports of goods and services** is expected to grow by 6.2 percent, revised upward from 2.1 percent but slowing from 9.4 percent in 2025.
- 4) The import value of goods in US dollar terms** is projected to expand by 14.2 percent, accelerating from 13.0 percent in 2025 and revised upward from 3.2 percent, in line with the anticipated expansion in exports of goods and private sector investment. Taking into account services imports, the **overall volume of goods and services imports** in 2026 is expected to increase by 7.7 percent, revised upward from 2.5 percent and accelerating from 6.8 percent in 2025.
- 5) Trade balance** is projected to record a surplus of 11.2 billion US dollars, compared with 23.3 billion US dollars in 2025 and revised downward from 20.1 billion US dollars. With a narrowing services account surplus due to lower tourism revenue and higher shipping costs, the **current account** is projected to record a surplus of 6.2 billion US dollars (1.0 percent of GDP), compared with 15.9 billion US dollars (2.8 percent of GDP) in 2025 and revised downward from 14.5 billion US dollars (2.4 percent of GDP).
- 6) Economic Stability: Headline inflation** in 2026 is projected to average within a range of 2.0 – 3.0 percent (midpoint of 2.5 percent), compared with (-0.1) percent in 2025 and revised upward from (-0.3) – 0.7 percent (midpoint of 0.2 percent), reflecting the rise in energy and key commodity prices.

6. Economic Management for the for the Year 2026

The economic management for the year 2026 should be prioritized on;

- 1) **Mitigating impacts arising from the conflict situation in the Middle East**, with emphasis on the following:
 - (1) **strengthening energy security management to prepare for a prolonged conflict situation**, comprising: (1.1) supply-side management, by focusing on diversification of fuel procurement sources to substitute imports from the Middle East, increasing domestic production capacity, as well as monitoring and managing strategic reserves of oil and natural gas to ensure adequacy and prevent potential energy shortages in Thailand; and (1.2) demand-side management, through the use of both price and non-price mechanisms to enhance energy efficiency, together with proactive energy-saving campaigns in both the public and private sectors; (2) **implementing targeted measures to alleviate the impacts of rising energy costs on the business sector**, particularly energy-intensive industries that are severely affected and generate broad economic spillovers, such as the transportation, fisheries, and construction sectors, while also providing support for SMEs affected by rising production costs. At the same time, close monitoring of price adjustments for controlled goods should be undertaken to avoid impacts on essential household goods prices, alongside targeted assistance for low-income and vulnerable groups. Such measures would help contain demand-side inflationary pressures that could further intensify cost-push inflation, while also reducing fiscal pressures associated with broad-based support measures; (3) **closely monitoring the adequacy of raw materials in the production sector to prevent shortages**, particularly for raw materials that rely heavily on imports from the Middle East, through monitoring inventories of key raw materials, identifying alternative import sources, and promoting the use of substitute raw materials in production processes in order to prevent disruptions to domestic production supply chains; and (4) **promoting energy transition and adaptation toward a low-carbon society**, by encouraging the use of renewable and clean energy, particularly in electricity generation, through the acceleration of Direct Power Purchase Agreements (Direct PPA), the implementation of net metering schemes, and investment in Smart Grid systems, alongside the development of technological innovation and mechanisms supporting the circular economy and low-carbon society.
- 2) **Accelerating private investment**, particularly ensuring that investment projects which have already received investment promotion certificates materialize into actual investment, with emphasis on: (1) **Facilitating investment and resolving investment bottlenecks**, by enhancing the efficiency of public services and improving regulations that impede business operations through the acceleration of the Thailand FastPass system, together with upgrading supporting services for the business sector, including customs procedures and the approval process for product standards certification. In parallel, investment promotion conditions and proactive operational measures should be established to ensure that investors who have already received investment promotion certificates proceed with actual investment promptly. (2) **Developing an investment-conducive ecosystem**, consisting of: (2.1) Promoting the development of science, technology, and innovation, including artificial intelligence (AI), digital technologies, software, robotics, and automation, in order to strengthen entrepreneurs' capabilities to support investment related to emerging technologies; (2.2) Supporting entrepreneurs, particularly SMEs, in absorbing technology transfer and upgrading production capabilities through improvements in machinery, equipment, and production processes to enhance efficiency and facilitate the transition toward modern industries, especially digital and green technology industries, as well as enabling them to participate in joint ventures and global production value chains; (2.3) Enhancing workforce capabilities in shortage skill areas in line with labor market demand through vocational training programs emphasizing Work-Integrated Learning, alongside attracting highly skilled foreign workers to transfer knowledge and expertise to the Thai workforce; and (2.4) Developing key infrastructure, including transportation and logistics systems, digital infrastructure, and public utilities, particularly ensuring sufficient supplies of electricity, clean energy, and water to meet industrial demand. and (3) **Generating greater domestic benefits from foreign investment for local enterprises**, through: (3.1) Establishing conditions to promote greater utilization of domestically sourced raw materials in order to reduce dependence on imported inputs, together with strengthening economic partnerships and long-term contracts with exporting countries for critical raw materials that cannot be produced domestically; and (3.2) Establishing mechanisms to support the development of domestic industrial entrepreneurs, particularly Thai SMEs, through training, consultancy services, technical assistance, business matching platforms, and the establishment of technology incubation or demonstration centers to connect foreign expertise with the capabilities of Thai enterprises.
- 3) **Maintaining export growth momentum on a continuous basis**, with emphasis on: (1) **Mitigating the impacts of US trade restrictive measures**, by preparing for investigations under Section 301 and addressing risks associated with the potential application of Section 201 under the Trade Act of 1974, alongside accelerating the promotion of domestically produced goods, raw materials, and intermediate inputs (local content); (2) **Expanding economic cooperation and new export markets in order to diversify risks**, particularly for products that are likely to lose market share, together with accelerating the conclusion of ongoing free trade agreement (FTA) negotiations, including FTAs with the European Union, South Korea, Pakistan, and Türkiye, as well as preparing studies for negotiations with new high-potential trading partners, particularly in the Middle East, Africa, and South Asia; (3) **Enhancing awareness and understanding of key measures of trading partner countries scheduled to come into effect during 2026–2027**, including US trade measures, the Carbon

Border Adjustment Mechanism (CBAM), and the European Union Deforestation Regulation (EUDR); **(4) Reducing production and business operation costs, alongside improving laws, regulations, and support measures** to assist entrepreneurs in adapting to evolving trade measures, particularly environmental-related measures, in line with the standards of major trading partners, while also promoting the use of appropriate risk management instruments to mitigate exchange rate volatility; and **(5) Strengthening logistics and transportation management to ensure the continued access of Thai products to major export markets**, particularly the Middle East and distant markets where transportation costs have increased significantly.

- 4) Maintaining the support from public expenditure alongside preserving fiscal discipline, with emphasis on: **(1) Expediting the disbursement of the FY2026 annual expenditure budget to achieve a disbursement rate** of no less than 90.7 percent of the total budget framework, particularly the capital expenditure budget, for which the disbursement rate should be accelerated to no less than 70 percent of the total allocated amount; **(2) Ensuring the timely enactment of the FY2027 annual expenditure budget**, together with accelerating the preparedness of relevant agencies to implement key investment projects so that project execution and budget disbursement can commence from the beginning of the fiscal year. In this regard, capital expenditure disbursement during the first quarter of FY2027 should account for no less than 30 percent of the total capital expenditure budget; **(3) Ensuring effective management of the budget under the Emergency Decree Authorizing the Ministry of Finance to Borrow for Addressing the Impacts of the Energy Crisis and Supporting the Country's Energy Transition, B.E. 2569 (2026)**, with a total framework of 400 billion baht, so that budget implementation remains aligned with the objectives of the law and is carried out efficiently, prudently, and consistently with prevailing economic conditions and circumstances; and **(4) Preserving adequate fiscal space to accommodate future uncertainties**, including risks arising from the conflict situation in the Middle East, trade restrictive measures, and climate change, through the establishment of clear and concrete pathways for fiscal deficit reduction and public debt reduction in order to maintain fiscal sustainability and the country's sovereign creditworthiness over the medium term.
- 5) **Mitigating impacts on the agricultural sector arising from rising agricultural input prices and climate change**, with emphasis on: **(1) Accelerating the diversification of import sources** to substitute for urea fertilizer imports from the Middle East, together with promoting the use of customized fertilizers and organic fertilizers in order to reduce dependence on imported agricultural inputs, as well as alleviating the impacts of rising energy costs associated with agricultural machinery usage and the transportation of agricultural products; and **(2) Strengthening water resource management for the agricultural sector**, particularly by ensuring adequate water reserves for cultivation and preparing for risks associated with irregular rainfall patterns and drought conditions resulting from the anticipated Super El Niño phenomenon during the second half of 2026, which is expected to adversely affect off-season rice cultivation in the 2026/2027 crop year.
- 6) **Addressing issues related to access to credit for businesses and households**, with emphasis on the following: **(1) Reducing pressures from household non-performing loans (NPLs)** by: (1.1) proactively promoting and creating incentives for small debtors with non-performing debt obligations to participate in debt restructuring and debt resolution under the "Quick Debt Settlement, Move Forward" program; and (1.2) accelerating proactive debt restructuring for small debtors who have started to experience debt repayment difficulties; **(2) Providing financial assistance to SMEs** with potential that are facing liquidity constraints and have been further affected by the conflict situation in the Middle East and trade restrictive measures; **(3) Accelerating the implementation of household debt resolution measures in a concrete and sustainable manner in the future**, with emphasis on upgrading household debt databases to ensure completeness and coverage across all types of financial service providers, as well as developing databases on informal debt and alternative data and linking them with formal debt obligations in order to establish a comprehensive database for debt restructuring, together with the assessment of borrowers' potential and positive financial behavior, and for the appropriate assessment of borrowers' credit risks; and **(4) Enhancing financial literacy and awareness**, particularly prudent spending attitudes to prevent excessive indebtedness, together with promoting risk management to cope with emergency situations.

The Impacts of the Prolonged Conflict Situation in the Middle East Region on the Thai Economy

The conflict situation in the Middle East has intensified significantly following military operations and retaliatory attacks on 28 February 2026, which have severely affected several strategic areas across the region, including extensive damage to oil infrastructure.¹ In addition, multiple countries urgently announced airspace closures and suspended flight routes within the affected areas, including the closure of the Strait of Hormuz, a critical strategic route for the transportation of crude oil and natural gas, accounting for approximately 40 percent and 20 percent of global maritime transport², respectively. These developments have also caused substantial disruptions to international shipping operations. The prolonged conflict has heightened risks to global energy security, particularly among countries that rely heavily on energy imports from the Middle East. Consequently, energy prices and commodity prices, including fertilizers, petrochemical products, and plastics, have risen sharply in many countries, including Thailand, reaching their highest levels in several years. Such volatility has become a major source of pressure on production costs in both the agricultural and industrial sectors, while also contributing to a sustained increase in inflationary pressures. The impacts of the conflict on the Thai economy can be analyzed through several key transmission channels: (1) energy supply and energy prices; (2) production supply chains; (3) international trade; (4) tourism; and (5) financial and capital markets.

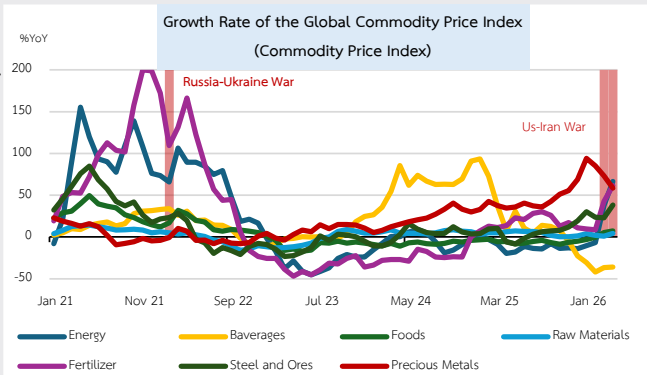
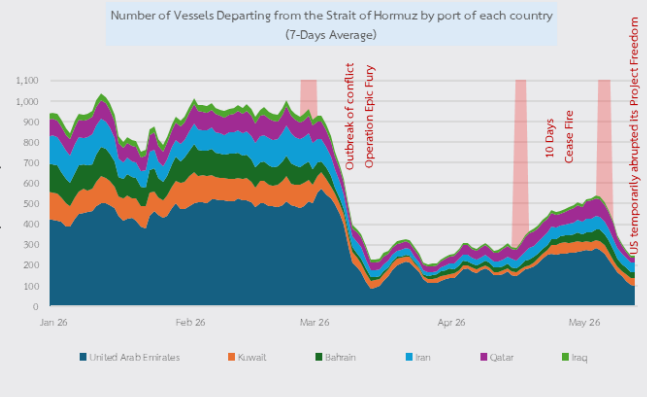
1. Impacts on Energy Supply and Energy Prices

The energy-related impacts on each country depend partly on the degree of reliance on energy imports from the Middle East. Countries in Asia have relatively high dependency on energy imports from the region. For Thailand, imports of energy from the Middle East accounted for 46.8 percent of total energy imports in 2025, comprising 59.0 percent of crude oil imports and 24.3 percent of natural gas imports.

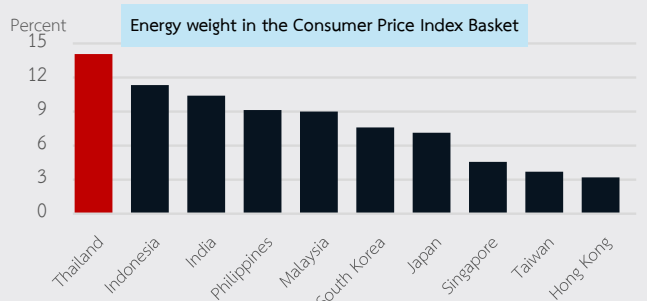
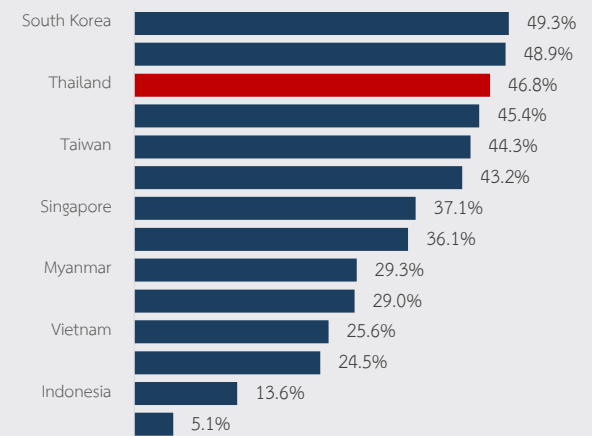
Meanwhile, the increase in global oil prices has exerted upward pressure on domestic retail fuel prices in Thailand. In the initial phase, the government implemented measures to stabilize domestic energy prices in order to mitigate the immediate impacts, primarily through the Oil Fuel Fund compensation mechanism. However, as global oil prices continued to rise persistently, together with the financial constraints of the Oil Fuel Fund, which, as of 10 May 2026, recorded a deficit of 63.279 billion baht, the government gradually allowed domestic fuel prices to adjust more in line with market mechanisms.

As of 15 May 2026, the retail diesel price increased to 41.45 baht per litre, compared with the previously controlled price of 29.94 baht per litre. Similarly, the retail price of Gasoline 95 rose to 44.05 baht per litre from the previously controlled level of 30.55 baht per litre. As a result, the Producer Price Index (PPI) and Consumer Price Index (CPI) in April accelerated to 9.1 percent and 2.8 percent, respectively, marking the highest levels since October 2022 and February 2023.

In this regard, rising energy prices are likely to have a greater impact on household demand in Thailand compared with other peers in the region, as energy expenditures account for approximately 14 percent of Thailand’s consumer price index basket, representing the highest share in the region. The sectors most affected include electricity and water utilities, as well as basic metal manufacturing industries. Similarly, production sectors with relatively high transportation cost shares, such as chemical fertilizer production, construction, wholesale trade, and the manufacturing of concrete and cement products, are also expected to face rising production costs. These sectors are likely to pass on the increased costs to consumers through further adjustments in the prices of goods and services.



Share of energy imports from the Middle East relative to total oil imports of Asian countries in 2025



¹ The number of operational oil drilling rigs in the Middle East stood at 480 rigs in April 2026, compared with 538 rigs in February 2026.

² UNCTAD, based on data from the seven days prior to the outbreak of the conflict situation in the Middle East.

The Impacts of the Prolonged Conflict Situation in the Middle East Region on the Thai Economy (cont.)

Share of oil consumption in total intermediate input expenditure		Share of transportation costs in total production costs	
Production Sector	Percentages	Product	Percentages
Fisheries	31.2	Chemical Fertilizer	15.6
Mining and quarrying	23.1	Building Construction	7.5
Transport and communication	21.1	Fertilizers and pesticides	6.3
Chemical industry	11.5	Wholesales	5.7
Electricity and water supply utilities	8.5	Concrete and Cement	4.9
Base metal	8.5	Flour and other cereals	4.2
Agricultural Products	7.1	Paper products	4.1
Construction	3.1	Vegetables	4.0
Retail/Wholesale	2.7	Sugarcane	3.9
Rubber and plastic products	2.6	Corn	3.7
Beverages and tobacco products	2.5	Fruits	3.5
Machinery	2.1	Rubber	3.5
Textile industry	1.8	Animal feed	2.8
Accommodation and food service activities	1.4	Rice	2.7

Source: Input–Output Table 2021

2. Impacts on the Manufacturing Sector from Production Supply Chain Disruptions

In addition to its effects on Thailand’s energy supply, the conflict in the Middle East has also significant impacts on other key inputs for which Thailand remains highly dependent on imports from the region. In particular, products based on petroleum and natural gas are crucial, including naphtha (with imports from the Middle East accounting for 90.2 percent of total imports), propane (43.3 percent), ethylene (22.2 percent), propylene (1.2 percent), and helium gas (56.8 percent). Shortages of these inputs would pose substantial adverse effects on the Thai economy, affecting both the industrial and agricultural sectors.

Intermediate goods that Thailand relies on imports from the Middle East.						
Key raw materials	Share of imports from the Middle East in 2025	No.1	No.2	No.3	No.4	No.5
Naphtha	90.2	UAE (30.2)	SAU (24.4)	QAT (17.8)	KWT (12.0)	OMN (5.9)
Urea Fertilizer	71.4	SAU (41.8)	MYS (16.4)	OMN (14.9)	QAT (11.4)	BRN (6.0)
refined petroleum	63.0	UAE (21.3)	SAU (16.6)	QAT (12.9)	SGP (11.4)	MYS (8.5)
crude oil	59.0	UAE (42.7)	USA (15.3)	SAU (12.3)	MYS (5.6)	IDN (5.6)
helium	56.8	QAT (56.8)	USA (26.0)	IND (6.6)	SGP (4.7)	MYS (3.0)
propane	43.3	USA (56.6)	QAT (34.4)	KWT (3.7)	UAE (3.4)	SAU (1.9)
natural gas	24.3	MYA (18.8)	QAT (17.8)	AUS (14.1)	USA (13.7)	MYS (10.6)
ethylene	22.2	KOR (17.5)	SAU (11.4)	CHN (10.2)	SGP (9.6)	USA (8.2)
propylene	11.2	CHN (31.1)	KOR (15.3)	SGP (13.2)	JPN (9.5)	SAU (6.4)

2.1 Manufacturing Sector

According to the Input–Output Table, the manufacturing industries expected to experience the most severe direct impacts are those that rely heavily on petroleum and petrochemical products as key production inputs. The resulting economic impacts are likely to be transmitted through the production chain, beginning from upstream industries³ to midstream industries⁴ and subsequently to downstream industries⁵. The details are as follows:

1) Upstream Industries: These industries rely directly on natural resources and energy inputs and therefore constitute the foundation of the entire industrial supply chain. As a result, they face the highest exposure to uncertainties related to energy and petrochemical supply disruptions, where (1) Production activities classified as high risk include natural gas separation and electricity generation, as Thailand remains heavily dependent on crude oil and natural gas imports from the Middle East; and (2) Production activities classified as medium risk include marine and coastal fisheries, as well as petroleum and natural gas extraction, due to continued reliance on fuel for maritime transportation and extraction operations.

2) Midstream Industries: These industries utilize upstream inputs to produce semi-finished goods and industrial materials and are therefore subject to rising pressures from higher energy and raw material costs, although some sectors may partially adjust through sourcing inputs from alternative regions, where (1) Production activities classified as high risk include petroleum refining, plastic product manufacturing, synthetic rubber production, and petrochemical industries, as Thailand depends heavily on key petrochemical feedstocks imported from the Middle East, including naphtha, propane, ethylene, propylene, and helium; and (2) Production activities classified as medium risk include the production of paints, varnishes, and lacquers, due to shortages of chemical and petrochemical raw materials.

³ Upstream Industries refer to production activities related to the provision of basic raw materials and energy, which serve as the foundation of the overall industrial system.
⁴ Midstream Industries refer to production activities that utilize upstream raw materials to produce industrial materials or semi-finished goods for further processing by downstream industries.
⁵ Downstream Industries refer to production activities that utilize raw materials and semi-finished goods from midstream industries to manufacture finished products for domestic distribution and export.

The Impacts of the Prolonged Conflict Situation in the Middle East Region on the Thai Economy (cont.)

3) Downstream Industries: These industries produce finished goods for domestic distribution and export markets and are therefore likely to experience lowering export competitiveness. Affected industries include automobile manufacturing, as well as the production of electrical appliances and office and household electrical equipment, due to indirect impacts from higher costs of components, plastic packaging materials, and transportation.

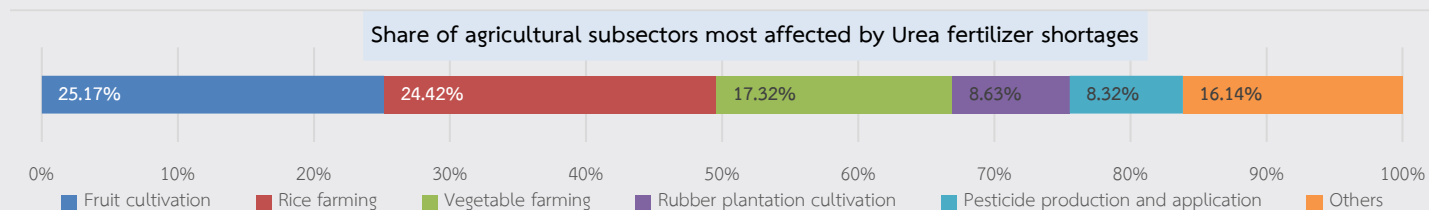
4) Distribution and Export Support Services: These sectors are expected to face pressures that could undermine the competitiveness of export products, where (1) Production activities classified as high risk include coastal transport and water transport services, primarily due to rising energy prices; (2) Production activities classified as medium risk include land passenger transport, air transport, maritime transport, land freight transport, and transport-related services, as these sectors are also directly affected by higher energy costs; and (3) Production activities classified as low risk include business services, wholesale trade, educational services, and public utility construction services, which are expected to be indirectly affected by rising energy prices and heightened economic uncertainty.

2.2 Agricultural Sector

The agricultural sector has been affected by the risk of shortages in raw materials used for chemical fertilizer production, as well as rising prices of chemical fertilizers and pesticides. Thailand imports approximately 71.4 percent of its total urea fertilizer imports from countries in the Middle East⁶. In addition, Thailand depends on imported fertilizers and pesticides for as much as 40.84 percent of total domestic consumption.

According to inventory data as of mid-March 2026, Thailand's urea fertilizer stock stood at approximately 6.5 million sacks (0.32 million tonnes). Combined with additional imports of around 2.0 million sacks (0.10 million tonnes) in April 2026, total remaining inventories increased to approximately 8.5 million sacks (0.42 million tonnes)⁷. These stock levels are expected to be sufficient only until the end of August 2026.

Such factors have adversely affected supply conditions and contributed to a continued increase in agricultural production costs in Thailand. An assessment of the spillover impacts arising from Thailand's dependence on urea fertilizer, based on the 2021 Input-Output Table of Thailand, indicates that the five production sectors with the highest reliance on imported fertilizers and pesticides are fruit cultivation (accounting for 25.17 percent of total imports), rice farming (24.42 percent), vegetable farming (17.32 percent), rubber plantation cultivation (8.63 percent), and the production of fertilizers and pesticides (8.32 percent).



Source: Ministry of Commerce; Office of Agricultural Economics; Krungthai COMPASS; World Bank Database

3. Impacts on International Trade

In 2025, Thailand's exports to the Middle East⁸ amounted to USD 339.635 billion, accounting for 3.7 percent of Thailand's total exports. Key Thai export products in March 2026 included automobiles, equipment, and components (35.4 percent), gems and jewelry (10.7 percent), and air conditioners and components (7.8 percent), among others. Meanwhile, Thailand's imports from the Middle East totaled USD 344.943 billion, representing 8.1 percent of total imports. Major imported products in March 2026 included precious stones, gemstones, silver bars, and gold (45.0 percent), crude oil (42.8 percent), and natural gas (5.2 percent). Accordingly, if the conflict situation in the Middle East remains prolonged, Thai exports are likely to be adversely affected by weakening purchasing power in export markets. At the same time, Thailand remains highly dependent on imports of crude oil and petroleum products as primary inputs for key industrial production processes, including refined petroleum products and plastic pellets, as well as urea fertilizer used in blended fertilizer production for major agricultural commodities such as rice, oil palm, rubber, sugarcane, and cassava. In this regard, Thailand's exports to the Middle East in March 2026 contracted for the first time in four months, declining by 57.1 percent compared with an expansion of 19.4 percent in the previous month. Key export products recording declines included automobiles, equipment, and components (down 53.5 percent), gems and jewelry (down 67.5 percent), air conditioners and components (down 41.4 percent), rubber products (down 55.1 percent), canned and processed seafood (down 47.5 percent), and computers, equipment, and components (down 15.9 percent).

⁶ Imports were sourced primarily from Saudi Arabia (accounting for 41.8 percent of total import volume), Oman (14.9 percent), Qatar (11.4 percent), Bahrain (2.6 percent), and the United Arab Emirates (0.6 percent).

⁷ Source: Office of Industrial Economics, Department of Internal Trade, and Kasikorn Research Center.

⁸ The Middle East comprises 15 countries, namely the United Arab Emirates, Bahrain, Israel, Iraq, Iran, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, Türkiye, Yemen, and Palestine.

The Impacts of the Prolonged Conflict Situation in the Middle East Region on the Thai Economy (cont.)

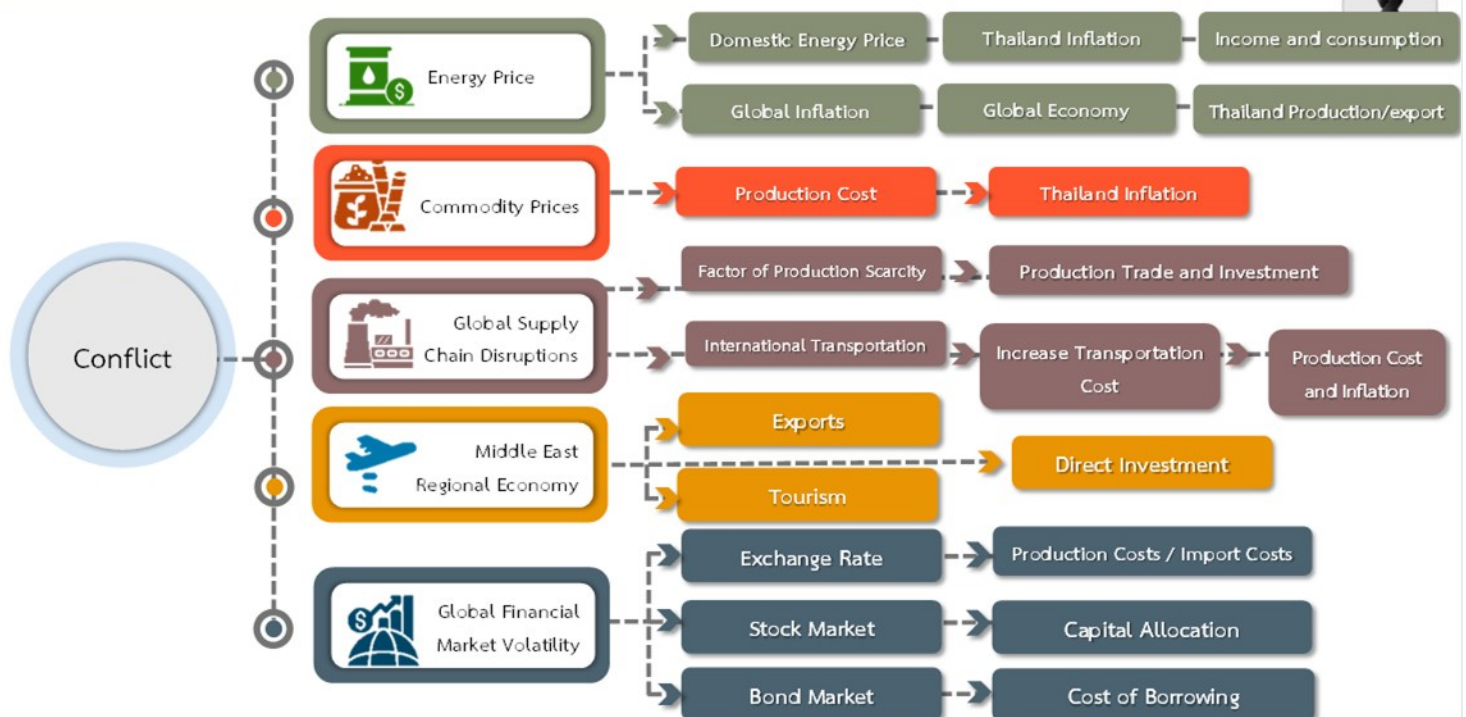
4. Impacts on the Tourism Sector

In 2025, tourists from the Middle East accounted for 3.7 percent of total international tourist arrivals to Thailand, with the majority belonging to the high level of per-capita spending visitor groups. However, in March and April 2026, the number of tourists from the region declined to 32,815 persons and 45,990 persons, representing only 0.03 percent and 0.05 percent of total tourist arrivals, and decreasing by 37.3 percent and 47.0 percent year-on-year, respectively. In terms of tourism revenue, income generated from Middle Eastern tourists during the first quarter of 2026 amounted to 0.176 trillion baht, accounting for 3.87 percent of total international tourism revenue, and declined by 6.4 percent compared with the same period of the previous year.

5. Impacts on Financial and Capital Markets

The conflict situation in the Middle East has increased volatility in financial and capital markets and led investors to shift toward low-risk assets (risk-off behavior), particularly U.S. dollar-denominated assets. As a result: (1) the U.S. dollar strengthened, while regional currencies, including the Thai baht, moved in a depreciating direction; (2) major stock market indices declined due to their risk-asset nature; and (3) government bond yields increased due to heightened inflation risks, particularly in safe-haven currency economies. The rise in government bond yields is expected to increase public borrowing costs and narrow fiscal policy space across countries, including Thailand. Meanwhile, rising inflationary pressures may prompt major central banks to adopt tighter monetary policy stances or maintain higher interest rates for a prolonged period (“higher for longer”). These developments are expected to lead to tighter financial conditions and place additional pressure on investor-sensitive markets, particularly emerging economies, which may face simultaneous currency depreciation, capital outflows, and rising borrowing costs.

Key transmission mechanisms of economic impacts from the conflict situation in the Middle East region



Readiness of Regional Countries to Cope with the War Situation in the Middle East

To mitigate the impacts of the Middle East conflict, many governments have continuously implemented policy measures aimed at alleviating the effects of rising energy prices on households and businesses. These measures include domestic fuel price caps and subsidies, reductions in fuel taxes, and financial assistance for energy expenditures. In addition, several countries have introduced measures to strengthen energy and critical raw material security in order to reduce the risk of supply shortages and production disruptions, when the conflict become prolonged and adversely affect global supply chains. Nevertheless, the scale of these measures differ across countries, depending on the severity of anticipated impacts, the degree of economic linkage with the Middle East, as well as the strength of macroeconomic fundamentals and available monetary and fiscal policy space. If the conflict continued, economies with fragile macroeconomic stability and limited policy space are expected to be more severely affected. In particular, countries with weak external stability may face heightened risks of capital outflows, which could subsequently exert pressures on exchange rate stability, such as Malaysia and Vietnam. Meanwhile, countries with constrained fiscal space may face limitations in implementing additional support measures to cushion the impacts of a prolonged conflict, particularly Thailand, Malaysia, and the Philippines.

Readiness of Countries in the Region to Cope with the Middle East Conflict

	Proportion of Energy Imports from ME (2568)	GDP Growth (2568)	Unemployment (2568)	Inflation (Mar 69)	Total External Debt to GDP (2568)	Total reserves in months of imports (2567)	Gov. Debt/GDP (2568)	Fiscal Balance to GDP (2568)
South Korea	49.3	1.0	2.8	2.2	41.0	6.2	50.7	-1.4
Hong Kong	5.1	3.5	3.7	1.7	482.7	5.7	9.3	-4.8
Taiwan	44.3	8.7	3.4	1.2	26.5	-	26.2	2.9
Singapore	37.1	5.0	2.0	1.8	409.5	4.2	174.3	4.2
Indonesia	13.6	5.1	4.9	3.5	29.6	5.7	40.2	-2.9
Malaysia	29	5.2	3.2	1.7	72.8	4.5	70.4	-3.5
Philippines	24.5	4.4	4.2	4.1	30.2	7.3	57.1	-4.0
Vietnam	25.6	8	2.2	4.7	28.9	2.4	34.4	-2.2
Thailand	46.8	2.4	0.8	-0.1	35.5	7.5	65.3	-1.9

Source: Global Trade Atlas, CEIC, World Bank, UNCTAD and IMF

Policy Implementations by Several Countries to Mitigate the Impacts of the Middle East Conflict

Country/ Measure	Energy Price Subsidies	Domestic Goods Price Subsidies	Export Restrictions	Energy Expenditure Subsidies	Liquidity Support	Supplementary Budget Allocation	Regulatory Relief	Petrochemical Product Price Controls	Public Transport Subsidies
USA	✓								
Eurozone	✓			✓			✓		
Germany	✓	✓							
France	✓	✓		✓	✓				
UK				✓					
Australia	✓				✓			✓	✓
Japan	✓								
China	✓		✓						
India	✓		✓			✓			
South Korea	✓	✓	✓	✓		✓			
Taiwan	✓								
Hong Kong				✓	✓				
Singapore						✓			
Indonesia	✓								✓
Malaysia	✓								
Philippines	✓			✓					
Vietnam	✓		✓						
Thailand	✓		✓	✓	✓	✓		✓	

Readiness of Regional Countries to Cope with the War Situation in the Middle East (cont.)

Measures Implemented by Various Countries

Countries	Measure
United States	<ul style="list-style-type: none"> Relaxed Jones Act’s rules to enhance shipping flexibility for oil and commodities. Disbursed crude oil from the Strategic Petroleum Reserve (SPR) to boost market oil supply. Temporarily suspending fuel taxes in Georgia for 60 days and gasoline taxes in Indiana for 30 days.
Eurozone	<ul style="list-style-type: none"> Allowed member states to subsidize up to 70 percent of increased fuel costs for agriculture, fisheries, and transport sectors. Adjusted the EU’s ETS carbon market to limit environmental compliance costs for heavy industries.
United Kingdom	<ul style="list-style-type: none"> Extended fuel price subsidies specifically for low-income households.
Japan	<ul style="list-style-type: none"> Released 8.5 million kiloliters of crude oil from national reserves and shifted 60 percent of procurement to the US, Central Asia, Latin America, and Asia-Pacific. The government capped the national average gasoline price at approximately 170 Yen per liter, starting March 19, 2026. Formed a dedicated task force to secure naphtha-based medical supplies, mandate continuous polyethylene production, and restrict non-urgent construction stockpiling. Supplied fuel directly to sewage plants and securing methanol for landfill water treatment.
China	<ul style="list-style-type: none"> Released chemical fertilizers from national reserves to stabilize prices before the spring sowing season. Ordered refineries to temporarily halt fuel exports, while raised the prices of domestic gasoline and diesel by 695 Yuan and 670 Yuan per ton, respectively, as well as managed the strategic petroleum reserve and diversified import channels.
India	<ul style="list-style-type: none"> Cut excise duties on gasoline and diesel, while taxing diesel and aviation fuel exports to secure domestic supply. Subsidized LPG, increased commercial LPG allocations to target industries by 70 percent, and provided a 60-day emergency kerosene supply to deficit areas. Raised chemical fertilizer subsidies by 11 percent for the summer crop and promoted an industrial shift from LPG to piped natural gas and electricity.
South Korea	<ul style="list-style-type: none"> Restricted public sector vehicle usage, launched a national energy-saving campaign, and enforced temporary fuel price caps.
Taiwan	<ul style="list-style-type: none"> Expanded strategic LNG storage capacity, froze electricity tariffs until September, and mandated state energy firms to absorb excess import costs. Reduced the Commodity Tax on imported diesel and gasoline by 50 percent, while subsidizing fuel costs for agriculture by 50 percent and fisheries by 14 percent.
Hong Kong	<ul style="list-style-type: none"> Distributed digital consumption vouchers to boost purchasing power and expanded the SME Special Loan Guarantee Scheme (SFGS). A 2-month LPG price subsidy was provided for taxis, minibuses, and school buses.
Singapore	<ul style="list-style-type: none"> Singapore approved a SGD 780 million relief budget, distributed cost-of-living vouchers to citizens, and gave special payouts to platform workers. Increased U-Save utility rebates, deferred green aviation fuel taxes, subsidized heavily impacted industries, and funded school buses and medical transports to prevent fare hikes. Partnered with Australia to secure essential commodities and strengthened the Singapore Dollar to lower direct oil and gas import costs.
Indonesia	<ul style="list-style-type: none"> Mandated a 1-day-per-week work-from-home policy for public and private sectors nationwide to reduce fuel consumption by 20 percent.
Malaysia	<ul style="list-style-type: none"> Allocated 4 billion Ringgit monthly to subsidize fuel and capped RON95 gasoline at 1.99 Ringgit per liter. Introduced remote work operations for government agencies, statutory bodies, and Government-Linked Companies (GLCs). Established fast-track procurement and transportation for essential pharmaceuticals.
Philippines	<ul style="list-style-type: none"> Declared a 1-year energy emergency, reduced the public sector workweek to 4 days, and cut ferry trips to conserve fuel. Subsidized public transport drivers, funded free Jeepney rides, provided direct subsidies to farmers and fishermen, and capped low-income electricity rates. Temporarily relaxed fuel quality standards to permit cheaper Euro-II fuel for power plants and older vehicle models.
Vietnam	<ul style="list-style-type: none"> Waived petroleum taxes, cut import tariffs to 0 percent, released 4 million barrels of crude oil, and expanded strategic reserves. Prioritized domestic crude oil and gas sales for local refineries before export, and immediate retail price adjustments were implemented during global market volatility. Offered free public bus commutes in Ho Chi Minh City for 8 months, remote work for civil service, and increased biofuel blending ratios.
Thailand	<ul style="list-style-type: none"> Stabilized domestic prices via the Oil Fund, subsidized fuel for inter-provincial public buses, and reduced diesel refining margins. Capped electricity rates at 3 Baht per unit for households using under 200 units monthly, and the price-controlled goods list was expanded to include bottled water, sauces, and plastic resins. Ordered all government agencies to implement mandatory remote work, regulated office thermostat temperatures, and introduced tax incentives for Solar Rooftop installations.

Source: OECD energy support measures tracker and World Bank’s Tracking Global Social Policy Responses to High Energy Prices, Compiled by NESDC

Projection for 2026^{1/}

	Actual Data			Projection for 2026	
	2023	2024	2025	Feb 16 th , 2026	May 18 th , 2026
GDP (at current prices: Bil. Bht)	17,993.2	18,683.9	18,971.7	19,486.0	19,882.4
GDP per capita (Bht per year)	256,895.5	266,102.7	269,615.0	276,401.9	282,024.4
GDP (at current prices: Bil. USD)	516.9	529.4	577.0	618.6	611.8
GDP per capita (USD per year)	7,380.6	7,539.3	8,200.0	8,774.7	8,677.7
GDP Growth (CVM, %)	2.2	2.9	2.4	1.5 - 2.5	1.5 - 2.5
Investment (CVM, %) ^{2/}	1.2	-0.3	4.9	1.8	3.5
Private (CVM, %)	3.1	-1.9	3.5	1.9	3.7
Public (CVM, %)	-4.2	4.5	8.9	1.7	3.1
Private Consumption (CVM, %)	6.7	4.4	2.7	2.1	2.4
Government Consumption (CVM, %)	-4.6	2.6	0.6	1.2	1.2
Export volume of goods & services (%)	2.7	7.5	9.4	2.1	6.2
Export value of goods (Bil. USD)	280.7	297.3	335.1	341.8	367.1
Growth rate (%) ^{3/}	-1.5	5.9	12.7	2.0	9.6
Growth rate (Volume, %) ^{3/}	-2.7	4.4	12.0	1.0	7.3
Import volume of goods & services (%)	-2.5	5.7	6.8	2.5	7.7
Import value of goods (Bil. USD)	261.6	275.9	311.7	321.7	355.9
Growth rate (%) ^{3/}	-3.7	5.5	13.0	3.2	14.2
Growth rate (Volume, %) ^{3/}	-4.1	4.8	9.7	1.7	8.4
Trade balance (Bil. USD)	19.2	21.4	23.3	20.1	11.2
Current account balance (Bil. USD)	8.5	11.6	15.9	14.5	6.2
Current account to GDP (%)	1.6	2.2	2.8	2.4	1.0
Inflation (%)					
CPI	1.2	0.4	-0.1	(-0.3) - 0.7	2.0 - 3.0
GDP Deflator	1.3	0.9	-0.9	0.2 - 1.2	2.3 - 3.3

Source: Office of the National Economic and Social Development Council, 18th May 2026

Note: ^{1/} Data was calculated based on new National Accounts Office's Series, published on www.nesdc.go.th

^{2/} Investment means Gross Fixed Capital Formation

^{3/} Export and import base on the Bank of Thailand's data.

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