Q2/2026

SCB EIC

Outlook

Economic outlook 2026 as of Q2/2026

SCB EIC raises Thailand's GDP growth forecast 2026 to 2% as Middle East tensions ease. However, the recovery remains K-shaped, concentrated in high import-intensive sectors, while households and SMEs stay fragile amid slowing income and high debt.

How to use Interactive PDF

Economic outlook
as of Q2/2026

Page
1

Click this icon to return
to the contents page

Click this icon
to go to articles

Outlook Q2/2026

SCB EIC

Click this icon to view
previous Outlook issues

Click this icon to enter
https://www.scbeic.com/en/home

Contents

Outlook Q2/2026

Contents

Outlook Q2/2026

Thai Economy in 2026

SCB EIC revises up its 2025 Thai economic growth forecast to 2%, as Middle East tensions ease, though the recovery remains uneven and concentrated in certain export and investment segments, while households and SMEs remain fragile.

Key forecasts

(Previous forecast)

GDP

(%YOY)

2026F	2027F
2	1.9
May (1.7)	

SCB EIC revises up its 2026 Thai economic growth forecast to 2% as Middle East tensions ease and exports and investment in certain industries continue to expand well. However, the Thai economy is likely to slow in the period ahead as higher energy and production costs during the preceding intense war period begin to pass through to inflation and purchasing power. Although additional support will come from the THB 400 billion Emergency Decree loan, the recovery will remain K-shaped, concentrated among large businesses and technology-related industries, while low- to middle-income households and SMEs remain fragile. **In 2027, the Thai economy is expected to expand at a similar pace of 1.9%,** reflecting limited new growth drivers, tight financial conditions, and persistently high external risks.

Policy rate (year-end)

(%)

2026F	2027F
1.00	0.75
May (1.0)	

SCB EIC expects the MPC to hold the policy rate at 1.0% throughout 2026, as inflationary pressure is mainly supply-driven, while Thailand's external stability remains strong, supported by high international reserves. As such, the MPC does not need to rush into rate hikes to curb inflation or support the baht, unlike some regional peers.

However, financial conditions remain tight, particularly for retail borrowers and SMEs, due to cautious lending by financial institutions and deteriorating credit quality. Financial measures to assist borrowers and improve SME credit access will therefore play a greater role. In 2027, if inflationary pressure and the impact of government stimulus fade, the MPC may consider further monetary easing.

Exchange rate (year-end)

(THB/USD)

2026F	2027F
32.0-33.0	31.5-32.5

SCB FM views that the baht has recently depreciated due to the Middle East war, which pushed up energy prices and weighed on Thailand's trade and current account balances. Meanwhile, several major central banks signaled rate hikes, safe-haven demand for the U.S. dollar increased, and gold prices declined.

Going forward, the baht should resume appreciation after the war ends, but is unlikely to return to its pre-war level of around THB 31.00–31.50/USD, as the U.S. current account fundamentals have improved on AI-related services income.

Source: SCB EIC analysis based on data from the Office of the National Economic and Social Development Council, the Office of Agricultural Economics, the National Statistical Office, the Election Commission of Thailand, the Ministry of Finance, BOT, the Ministry of Commerce, the Tourism Authority of Thailand, CEIC, and Bloomberg.

Thai Economy in 2026

Positive Factors

- The government's emergency decree authorizing borrowing of THB 400 billion
- Investment and exports of Thai electronic products in line with the global electronics cycle
- Temporary reduction in United States tariff barriers on Thai products

Negative Factors

- The conflict in the Middle East, although easing, continues to exert pressure on the economy, particularly through energy price channels
- A decelerating trend in the global economy and international trade
- The impacts of El Niño, particularly on the agricultural sector
- Tight financial conditions and high debt levels affecting private sector consumption

Risk Factors

- A prolonged Middle East conflict resulting in persistently elevated global oil prices
- Uncertainty regarding United States import tariff measures, particularly the enforcement of Section 301

Source: SCB EIC analysis based on data from the Office of the National Economic and Social Development Council, the Office of Agricultural Economics, the National Statistical Office, the Election Commission of Thailand, the Ministry of Finance, BOT, the Ministry of Commerce, the Tourism Authority of Thailand, CEIC, and Bloomberg.

Global Economy in Q2/2026

The global economy will face inflationary pressures in 2026 stemming from the Middle East conflict, but growth will remain supported by AI investment and sustained demand for electronic products.

Economic growth

- **Global economic growth is projected to slow to 2.5% in 2026 from 2.8% in 2025,** weighed down by the Middle East conflict, which has pushed up inflation and pressured economic activity. Meanwhile, AI investment and demand for electronic products will remain key growth drivers.
- **In 2027, the global economy is projected to grow by 2.6%,** with some economies likely to recover gradually as inflation is expected to ease over the course of the year.

Inflation rate

- **Global inflation is expected to accelerate in 2026,** driven by higher global energy and commodity prices amid the Middle East conflict. Nevertheless, global inflation is projected to remain below the levels seen during the Russia–Ukraine war in 2022.
- **In 2027, global inflation is expected to decline gradually,** provided global geopolitical conditions become more stable.

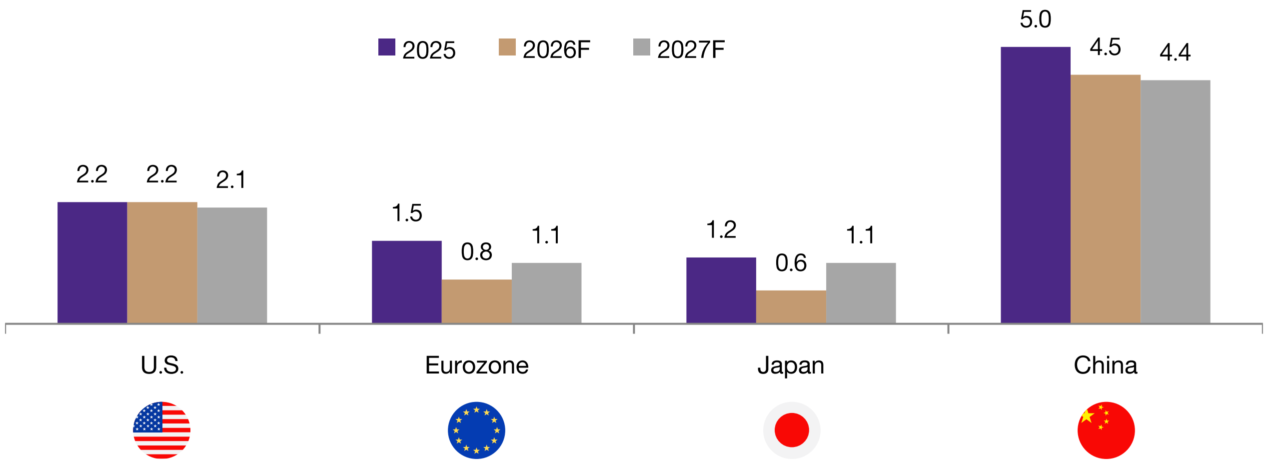
Monetary policy direction

- **Major central banks are unable to ease monetary policy** due to inflation risks, despite slowing growth in many economies.
- **The Fed is likely to hold the policy rate at 3.50–3.75% throughout 2026** due to elevated inflationary pressure and the resilient U.S. economy.
- **The ECB is likely to deliver one more rate hike to 2.5%** to anchor medium-term inflation expectations.
- **The BOJ is likely to hold the policy rate at 1.0% for the rest of 2026,** with rate hikes likely to resume next year.

Source: SCB EIC analysis based on data from IMF and World Bank.

Economic growth in 2025-2027

Unit: %YOY



Supporting Factors

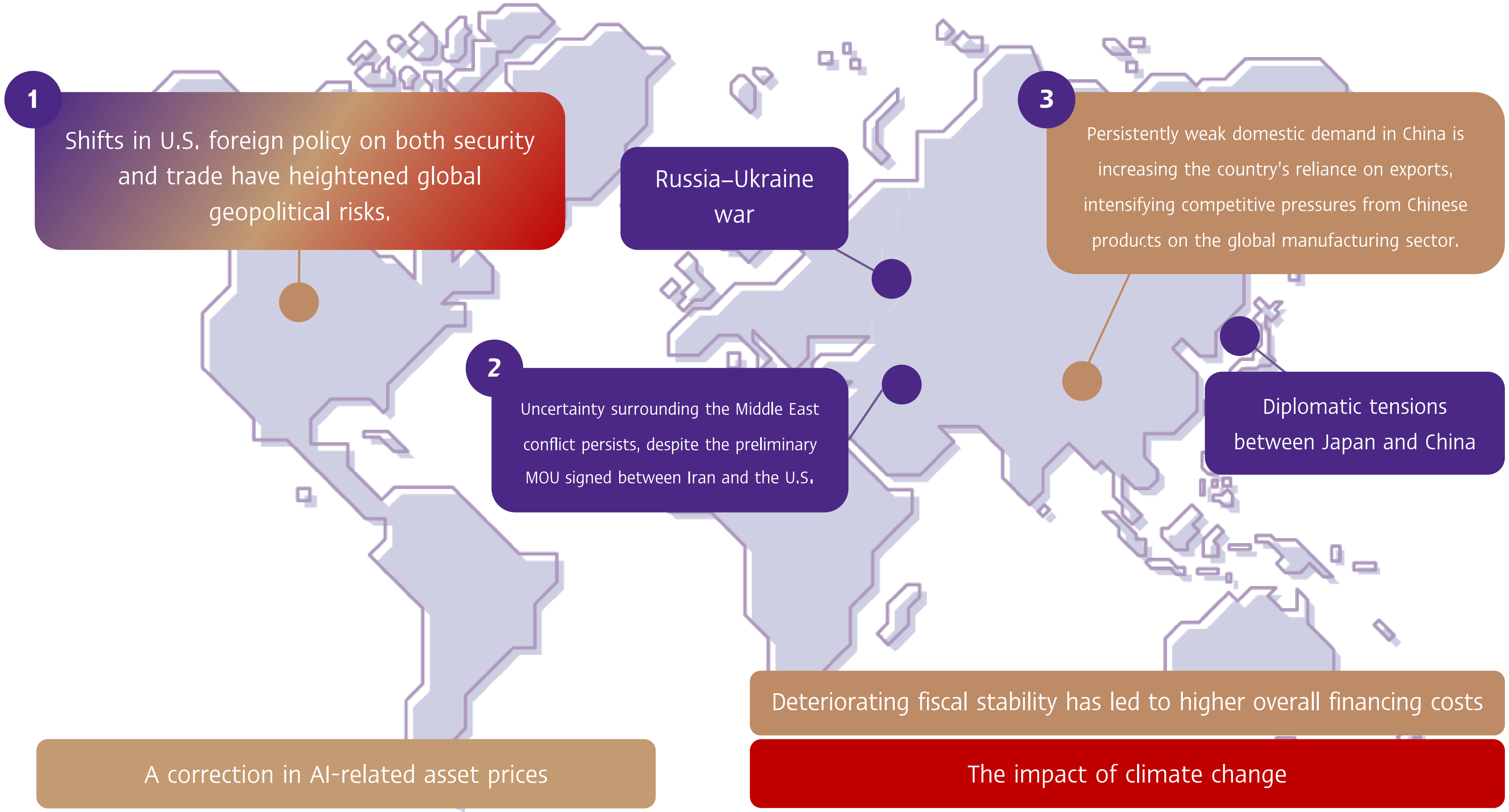
- **Hyperscaler AI investment continues expanding rapidly,** reflecting its status as a strategic industry for both the US and China
- **Rising demand for computational capacity** is driving growth in electronics trade and digital sector investment, including data centers
- **Investment in alternative energy is accelerating** as countries worldwide place renewed emphasis on energy security

Risk and Pressure Factors

- **Uncertainty in the Middle East persists,** with Iran and the US still negotiating toward a final agreement
- **Rising inflation and tightening global financial conditions** are limiting room for monetary easing, keeping financing costs elevated for both public and private sectors worldwide
- **Uncertainty remains around US tariff measures,** particularly the continued enforcement of Section 301
- **Volatility and bubble risk in financial markets**
- **Extreme climate events**

Source: SCB EIC analysis based on data from IMF and World Bank.

Global economic headwind & risk map in 2026



Global economic headwind & risk categories in 2026

- Politics & Geopolitics & Wars
- Economy & Finance
- Societal

Note

1 2 3

Are 3 major risks to the world's economy with high probability and significant impact in 2026

Source: SCB EIC analysis.

Global Outlook : Three Forces Shaping H2

1

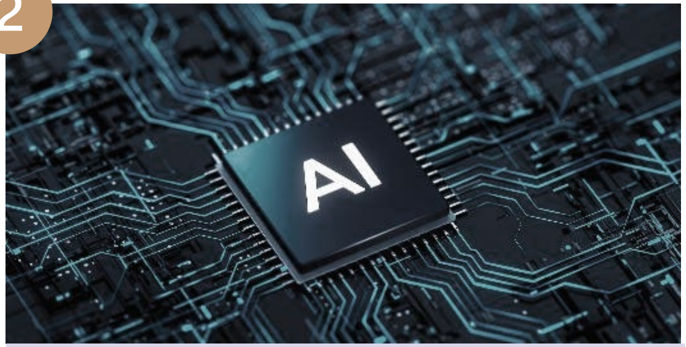
Security

The new economics

Geoeconomics: The key risk shaping the direction of the global economy this year.

- **Global energy commodity prices could remain elevated** for an extended period as countries accelerate efforts to strengthen energy security.
- **Trump tariffs could increase** following the announcement of the Section 301 investigation findings on unfair trade practices.

2



AI

The heavy lifting

Global investment and demand for electronics continue to grow strongly.

- **Hyperscalers' investment in AI development continues to grow rapidly** as a key strategic industry for both the U.S. and China.
- **Rising computational power demand is supporting global electronics trade and digital investment,** particularly across Asia.

3

Financial conditions

Higher for longer

Global funding costs have risen amid inflation risks and fiscal stability concerns.

- **The Fed would not cut the policy rate this year** due to elevated inflation risks and robust growth.
- **High global government bond yields** add pressure on economies with elevated public debt levels, limiting room for fiscal stimulus.

Security is the new economics

Geoeconomics: The key risk shaping the direction of the global economy this year.

A prolonged closure of the Strait of Hormuz would accelerate global efforts to strengthen energy security and could keep energy and **commodity prices elevated above pre-war levels for an extended period.**

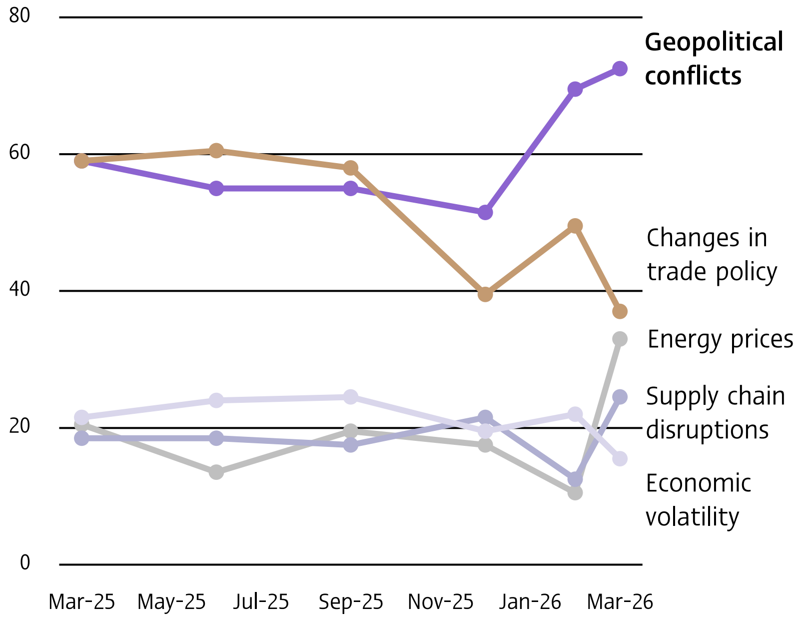
The U.S. continues its investigations into unfair trade practices, **raising the likelihood of higher tariffs**, while U.S.–China trade relations have improved somewhat.

Geoeconomics remains the principal risk shaping the global economy this year. The Middle East conflict shows prospects of resolution; however, uncertainty remains high, particularly regarding Iran's nuclear agreement

Geopolitical risks have become the most significant risk from the perspective of executives worldwide.

Biggest risks to global economic growth, next 12mo

% of respondents (McKinsey Global Survey of Executives)

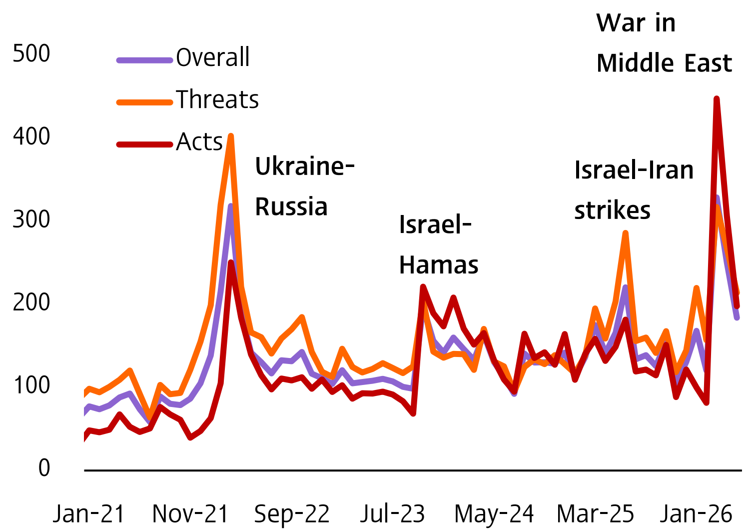


Geopolitical risks have been regarded as the most critical risk since the beginning of the year, following adjustments to the United States' national security strategy, which prioritizes safeguarding U.S. interests and places reduced emphasis on alliances

Global geopolitical risks remain at an elevated level. The conflict in the Middle East has eased but remains uncertain.

Geopolitical Risk Index

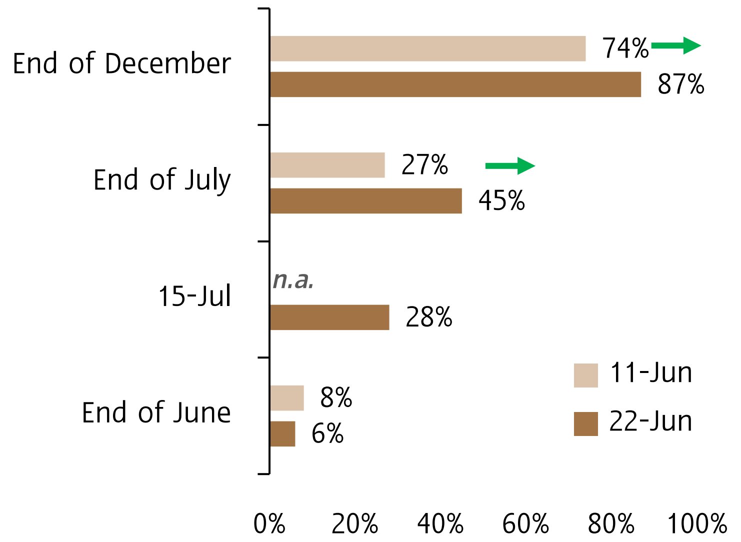
Index avg. 1900-2019 =100, Source: Caldara Et. Al. (2021)



The likelihood of the Strait of Hormuz reopening in the third quarter has increased following the signing of an agreement between the United States and Iran.

Probability of the Strait of Hormuz reopening within 2026

%Probability (from Polymarket) as of June 22, 2026



- **The United States and Iran have reached a preliminary agreement to reopen the Strait of Hormuz within 30 days, followed by an additional 60 days to negotiate a final agreement.**
- **Uncertainty during the 60-day period remains high, particularly regarding the following issues:**
  - **(1) Israel continues military strikes in Lebanon,** viewing the agreement as a bilateral arrangement solely between the United States and Iran
  - **(2) Iran's position on the future of its nuclear program remains unclear,** particularly regarding uranium enrichment, which could potentially lead to missile development

Source: SCB EIC analysis based on data from Economic Policy Uncertainty and Caldara, D., & Iacoviello, M. (2021), Trade Policy Uncertainty (Caldara, Iacoviello, Molligo, Prestipino, and Raffo).

Global growth is expected to slow and become more concentrated. Economies outside the AI supply chain and heavily dependent on energy imports are likely to face sharper slowdowns.

Global Economic Outlook by SCB EIC as of June 2026

GDP (%YOY)	2025	2026F		2027F
		May	Jun	
Global	2.8	**2.5**	**2.5**	**2.6**
US	2.2	2.1	2.2	2.1
Euro Area	1.5	0.8	0.8	1.1
Japan	1.2	0.6	0.6	1.1
China	5.0	4.5	4.5	4.4
India	7.0	6.2	6.4	6.8
ASEAN-5*	5.5	4.7	4.7	4.9

Key Global Economic Trends

United States: Stronger growth than other advanced economies
AI advancements are boosting short-term investment and long-term productivity.

Euro Area: Slower growth with weak manufacturing
European industry faces growing pressure from China's scale and competitiveness.

China: Greater reliance on exports to offset weak domestic demand
China is strengthening manufacturing technology while exports compensate for continued domestic weakness.

Japan: Exiting deflation, but growth remains limited
Japan continues to face aging demographics and relies heavily on government stimulus.

Risks to the Global Economy

Upside

AI is raising productivity faster than expected,
supporting growth and easing labor shortages.

Faster green transition
driven by investment in alternative energy and energy-saving technologies, reducing energy costs.

Downside

- Persistent inflation and rising global interest rates.
- Higher U.S. import tariffs and the introduction of electronics-related taxes.
- Extreme weather events.
- Potential asset bubbles from elevated AI and technology valuations.

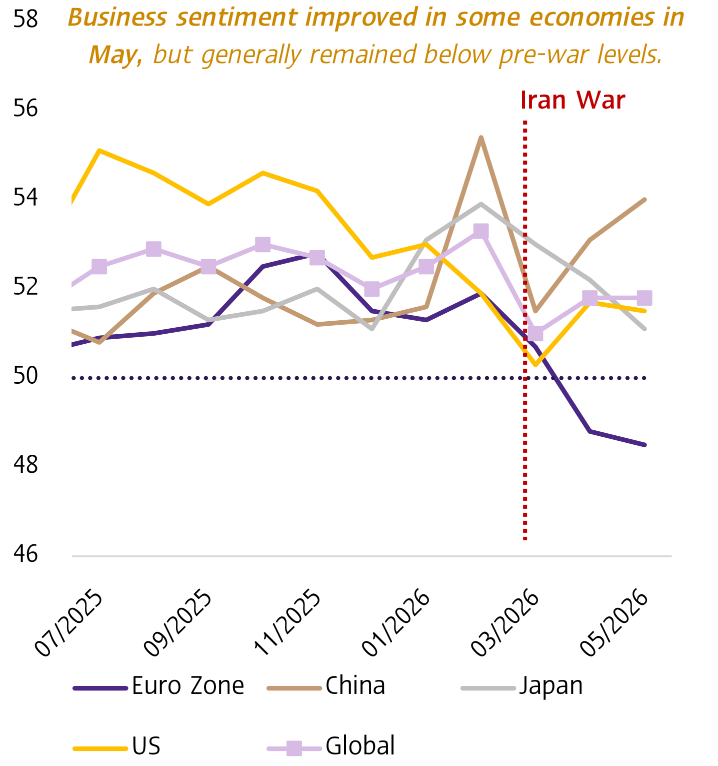
Note: *ASEAN-5 comprises Indonesia, Malaysia, Singapore, the Philippines, and Vietnam.
Source: SCB EIC analysis based on data from the IMF, World Bank, and Bloomberg.

The Middle East conflict is beginning to affect the global economy through weaker business activity and sentiment, rising supply chain pressures, and higher inflation driven by energy costs.

Global business sentiment weakened following the conflict.

Composite Purchasing Managers' Index (PMI)

Unit: Index, >50 indicates expansion, (Source: S&P Global)

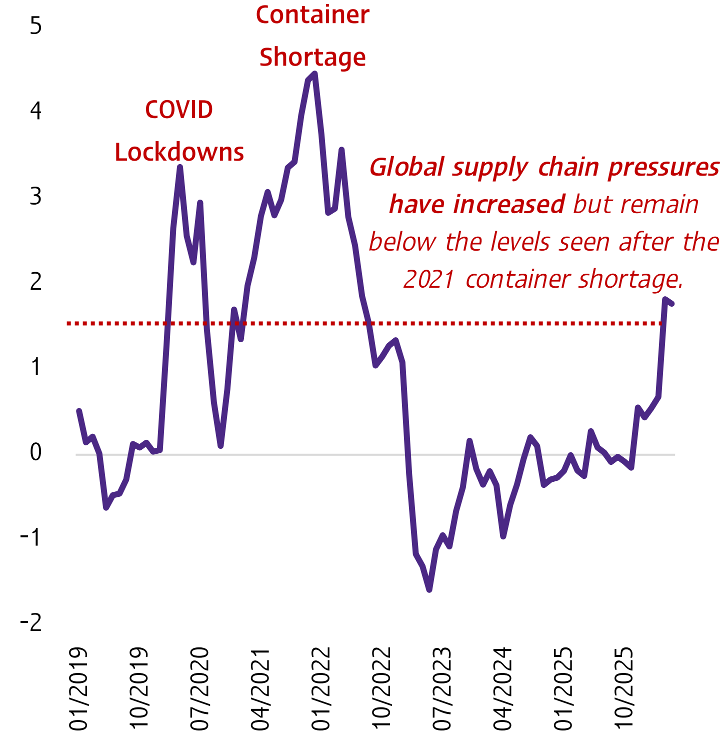


The global supply chain has come under significant pressure from the conflict.

Global Supply Chain Pressure Index (GSCPI)

Unit: Standard deviations from average value

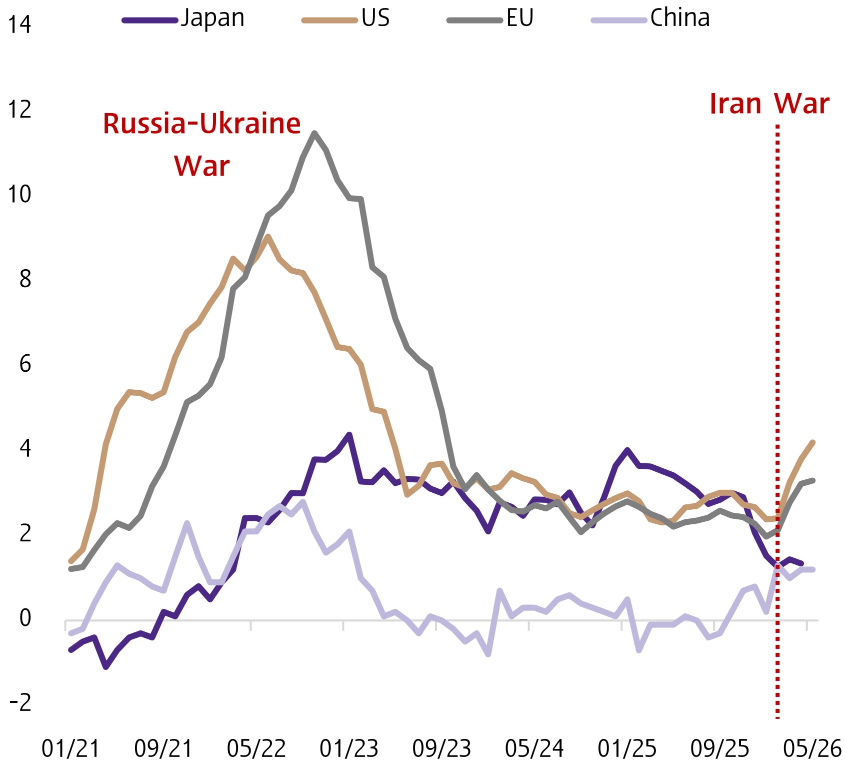
(Source: New York Fed)



Global inflation has begun to accelerate, but remains below levels recorded during the Russia–Ukraine war.

Inflation in major economies

Unit: %



Note: *ASEAN-5 comprises Indonesia, Malaysia, Singapore, the Philippines, and Vietnam.

Source: SCB EIC analysis based on data from the IMF, World Bank, CEIC, S&P Global, Goldman Sachs Investment Research, the Federal Reserve Bank of New York, and Bloomberg.

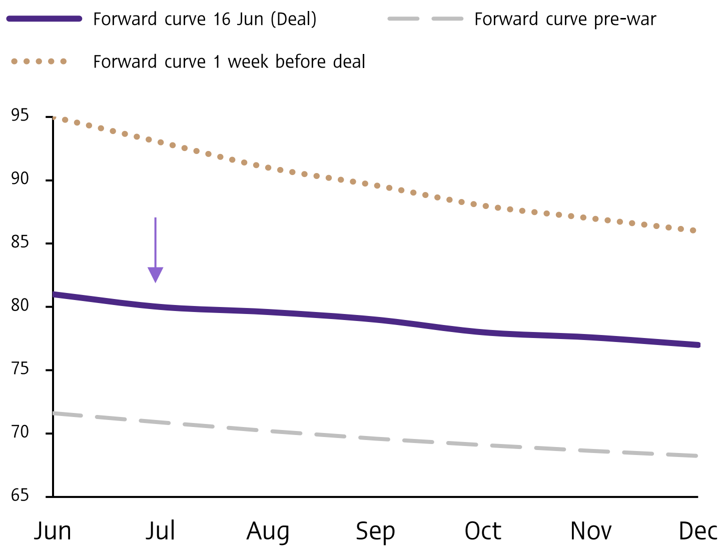
SCB EIC

The easing of conflict in the Middle East has led to a rapid decline in oil prices. Nevertheless, oil prices in H2/2026 could remain above pre-war levels.

Global oil prices declined rapidly following the U.S.–Iran peace framework agreement, which reduced geopolitical risks.

The 16 June forward curve has declined from earlier levels but remains above the pre-war level.

Unit: USD/barrel

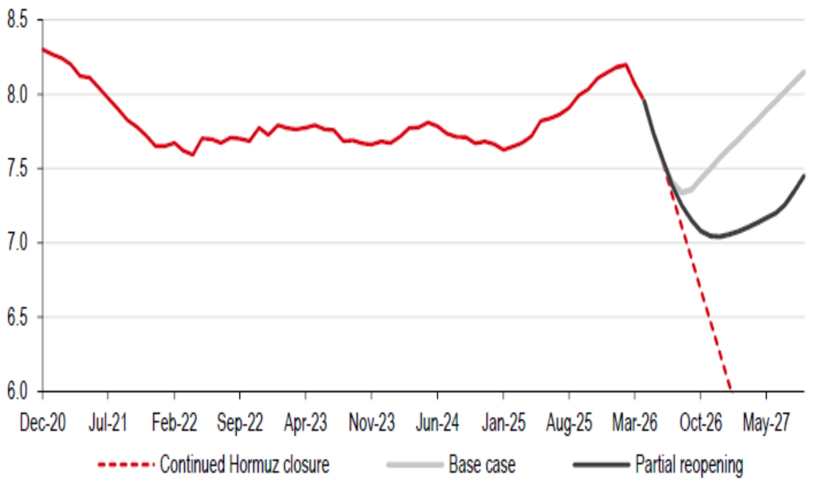


Oil prices declined rapidly after the U.S. and Iran reached a peace framework agreement. Markets expect the U.S. may partially ease sanctions, allowing Iran to resume oil exports and lift maritime restrictions, thereby reducing the geopolitical risk premium.

Global oil prices in H2 could remain above pre-war levels. Commercial inventories will gradually increase but remain low.

Global oil inventory

Unit: billion barrels (HSBC)



Oil prices could remain above pre-war levels, as supply recovery will take time due to the reopening of the Strait of Hormuz, mine-clearing operations, the return of oil tankers to the Gulf, and the resumption of production and refining activities.

Scenarios (As of Jun 2026)	**Energy Supply Traffics** (Hormuz Straits + Yanbu + Fujairah)	**Brent Price** avg. 2026 (USD/bbl)
Better	Energy transportation recovers to 80% of normal levels by early Q3.	80
Base	Energy transportation recovers to **80% of normal levels within Q3.**	85
Adverse	Energy transportation recovers to 80% of normal levels within Q4.	95

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Positive Supply Factors (Bearish Oil)

- **Iran increases production** if sanctions are eased.
- **Saudi Arabia and the UAE increase production** above pre-war levels in response to low OECD inventories. For example, the UAE has production capacity of 5 million barrels per day and is no longer constrained by the previous 3 million barrels per day OPEC quota after leaving OPEC.

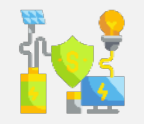
Negative Supply Factors (Bullish Oil)

- **Inventory rebuilding**
- **Geopolitical risk** arising from uncertainty regarding implementation of the agreement.

Source: SCB EIC analysis based on data from Reuters, HSBC, Goldman Sachs Investment Research, CEIC, and Bloomberg.

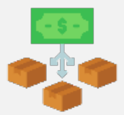
The impacts of the Middle East conflict will persist, driving energy stockpiling, import diversification, and renewable transition, with China positioned as the primary beneficiary.

The Impacts of the Conflict Will Persist Even After Tensions Ease



Energy security through energy transition

Countries worldwide are placing greater emphasis on energy security through increased energy reserves, diversification of import sources, and accelerated adoption of renewable energy, particularly in import-dependent economies.



Further and faster supply chain diversification

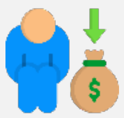
Greater sourcing of raw materials from multiple suppliers in response to rising supply shortage risks. China flooding may intensify due to China's production cost advantages.

Chokepoint premium

Transportation security costs increase with geopolitical risks, as strategic chokepoints are viewed as carrying permanently higher risk, leading to a repricing of shipping insurance premiums.

Higher for longer

Interest rates and financing costs remain elevated for longer, with limited monetary easing due to inflationary pressures driven by higher energy and commodity prices.



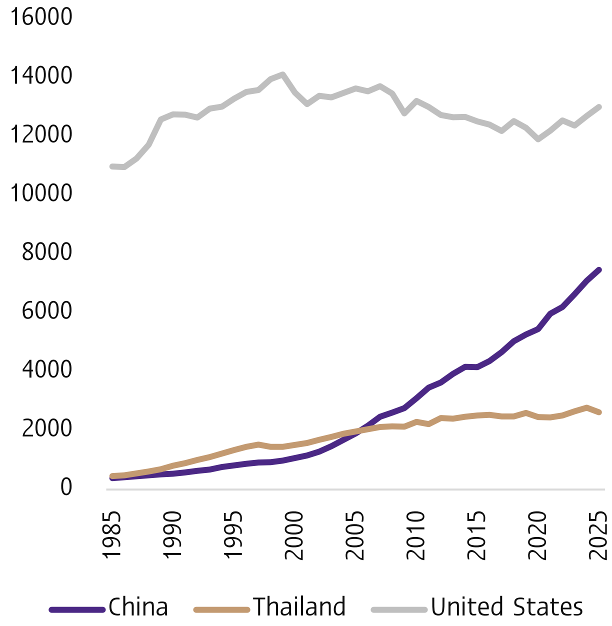
Squeezed corporate and household balance sheets

Households and businesses face higher goods and financing costs, while income growth may not keep pace, potentially leading to a gradual deterioration in balance sheets.

Accelerating Electrification Will Benefit China the Most

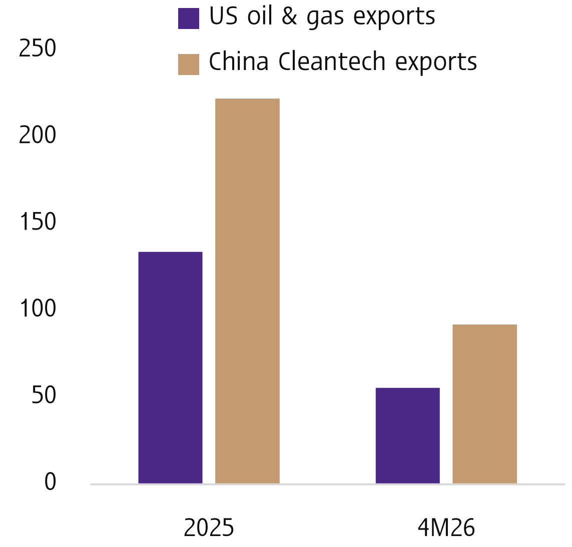
Per capita electricity generation

kilowatt-hours per person Source: Ourworldindata



Value of Energy-Related Exports

Unit: USD Bn, Source : Ember and GACC



China's cleantech exports include batteries, electric vehicles, grid equipment, wind turbines, and heating and cooling systems.

- **China dominates the global clean energy supply chain,** including lithium batteries (>75%), solar panels, wind turbines, and electric vehicles, **while the United States pursues an energy strategy focused on fossil fuels.**
- **Dependence on China's energy infrastructure is expected to accelerate,** particularly in developing countries, supported by China's advantages in both cost competitiveness and clean energy technology.

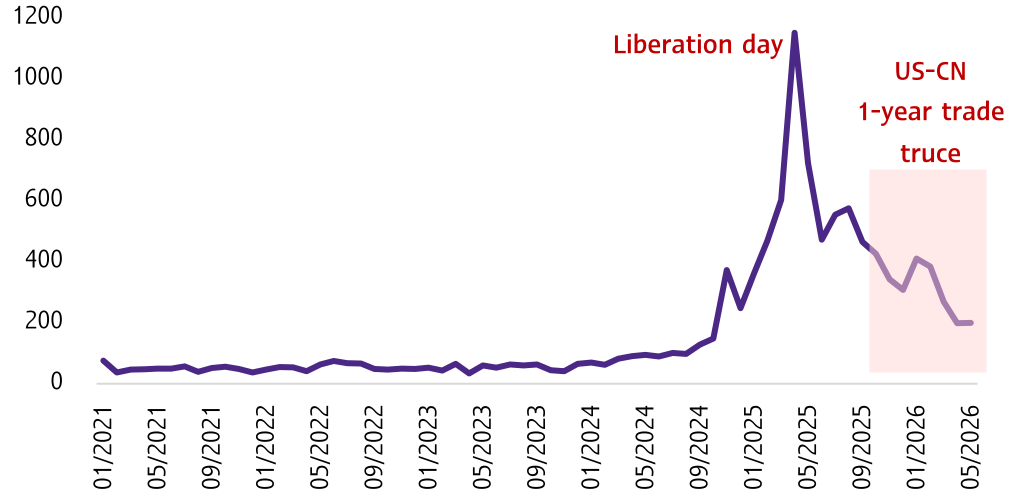
Source: SCB EIC analysis based on data from BCG, BBC, CENTCOM, Bloomberg, Goldman Sachs Research, IMF, U.S. Census Bureau, Ember Energy Institute (2025), Statistical Review of World Energy (2025), DOE, EIA, China GACC, Ember, and Bloomberg calculations.

Global trade tensions have eased somewhat following constructive discussions between U.S. and Chinese leaders, **although tariff and geopolitical issues remain unresolved.**

Global trade tensions have eased somewhat, but uncertainty remains elevated.

Trade Policy Uncertainty Index

Unit: Index Source: Caldara Et. Al. (2019)



U.S. Section 301 Tariff Outlook on the Forced Labor Issue

12.5% – **Countries without import restrictions on goods produced using forced labor (54 countries),** including China, Japan, Thailand, Vietnam, South Korea, India, and Malaysia.

10% – **Countries with import restrictions on goods produced using forced labor, but with limited enforcement** (6 countries), including the EU, Canada, and Indonesia.

Timeline of Current U.S. Import Tariffs and Section 301 Investigations

- *24 Feb* – **The Trump administration imposed a 10% tariff** (Sec.122)
- *11-12 Mar* – **USTR initiated a Section 301 investigation**
- *6-7 July* – **Public hearing** on the forced labor issue
- *24 July*

Currently in effect

Temporary 10% Import Tariff (Section 122)	Applied to goods from all countries. Excludes products already subject to sector-specific tariffs and certain food categories.
Tariffs Implemented Since Trump 1.0 (Section. 201/301)	Applicable to Chinese products, such as washing machines, and solar cells from certain countries *(subject to an additional 10% tariff under Section 122 during the 150-day period).*
Sector-Specific Tariffs (Section. 232)	**Already in force, with exemptions for certain products/countries:** steel, aluminum, and automobiles.

Section 301 measures are likely to replace it after the 150-day period.

Tariffs that may be implemented after 24 July

Under investigation

Excess Capacity Tariffs (Section. 301)	Covers 16 countries, including Thailand.

Currently under public hearing

Forced Labor Tariffs (Section. 301)	Covers 60 countries, including Thailand. (Preliminary investigation findings announced on 2 Jun.)

Source: SCB EIC analysis based on data from Economic Policy Uncertainty, Caldara et al. (2019), USTR, and the White House.

Despite U.S. trade restrictions on China, China's trade surplus continues to expand, driven by exports to other regions, particularly ASEAN.

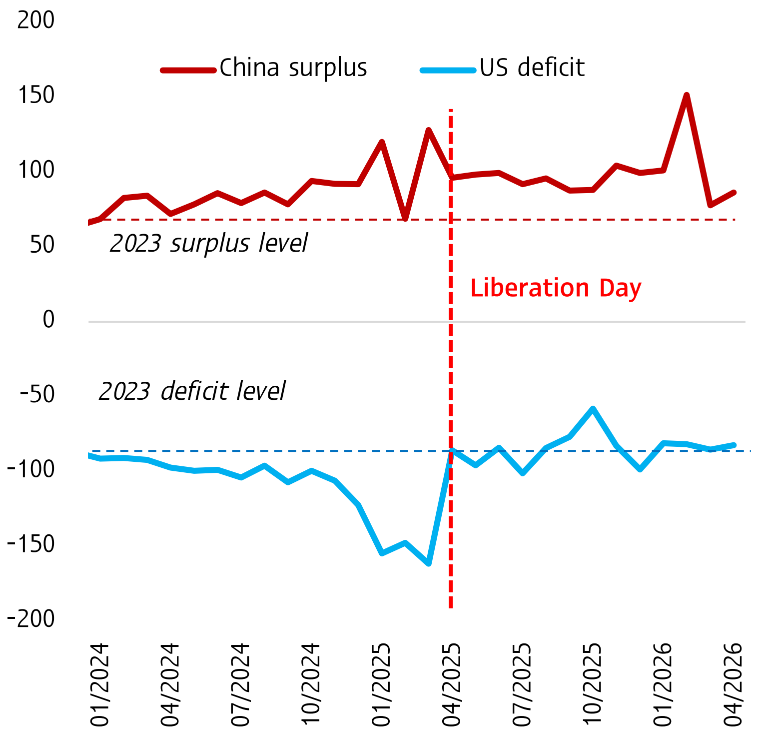
One year after Liberation Day, the U.S. global trade deficit has narrowed somewhat, while China continues to record a high trade surplus.

The United States has reduced overall imports, but imports of electronic products remain strong, supported by ongoing AI-related investment.

China's exports continue to grow strongly despite contraction in exports to the U.S. market.

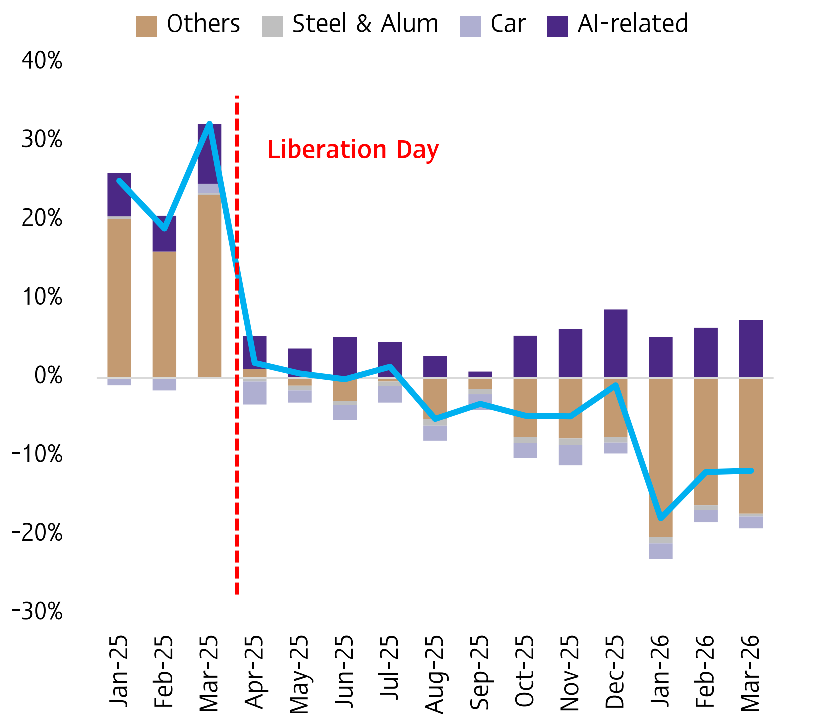
U.S. and China Trade Balances with the World

Unit: USD billion; trade balance relative to the global economy



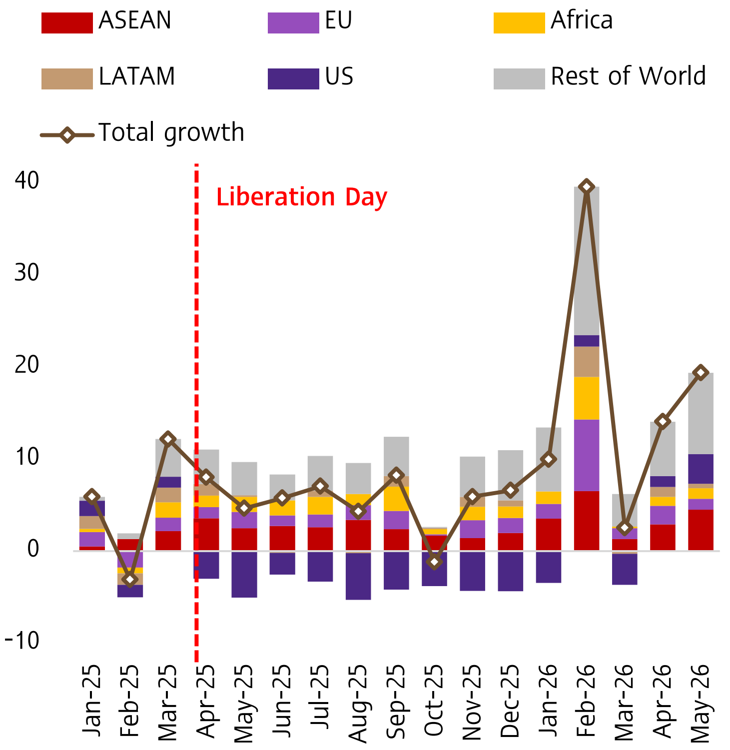
Sources of Growth in U.S. Import Value by Product Category

Unit: %YOY



Sources of Growth in China's Export Value by Market

Unit: %YOY



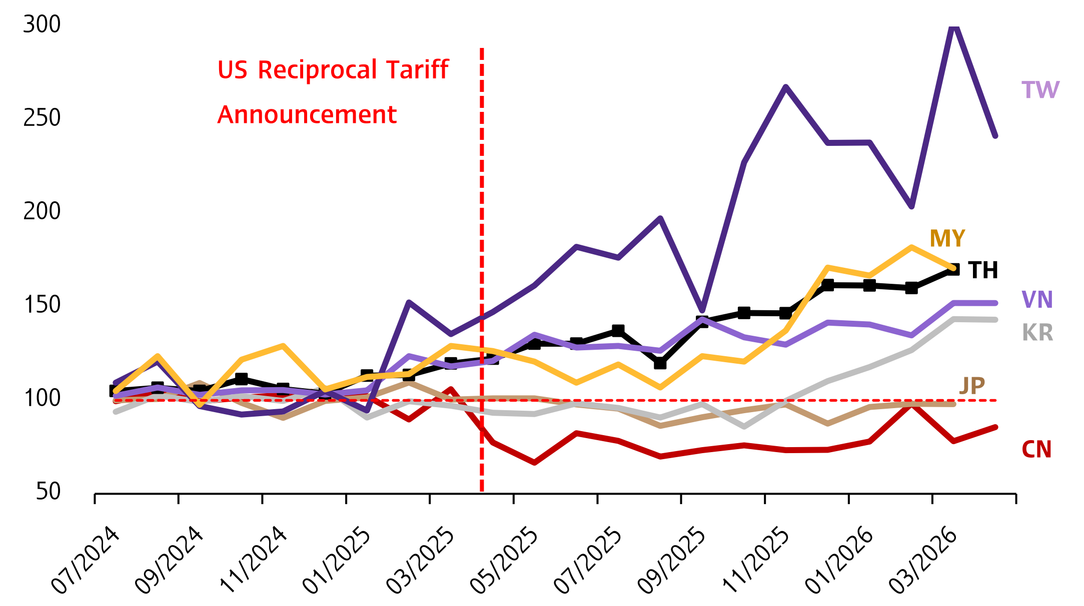
Source: SCB EIC analysis based on data from the WTO, Trade Map, the U.S. Census Bureau, and the General Administration of Customs of the People's Republic of China.

While U.S.–China trade declines, ASEAN trade is accelerating, creating opportunities for a larger role in global production chains, alongside rising competitive pressure from Chinese imports.

East Asian exports to the U.S. have recorded strong growth despite tariff measures.

Export Value to the United States of Selected Asian Economies

Unit: Index 2024 = 100, SA, 3MMA, USD



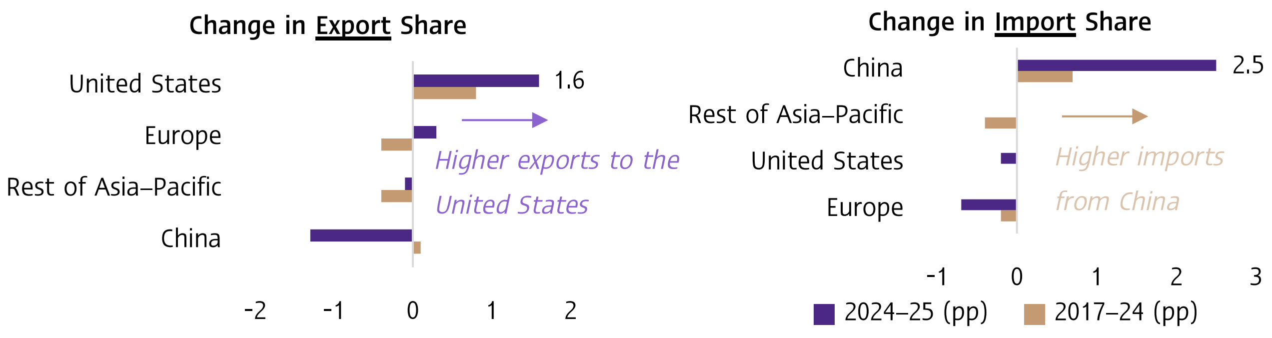
Asian exports to the United States have expanded strongly, supported by demand for electronic products. For example, South Korea's exports have risen above 2024 levels, driven by electronics and communication equipment.

ASEAN's share of exports to the US and imports from China accelerated significantly in 2025.

In 2025, the increase in ASEAN's trade share accelerated to twice the pace recorded over the previous 8 years.

Changes in ASEAN Trade Partner Shares

Unit: %CAGR (Source: MGI)



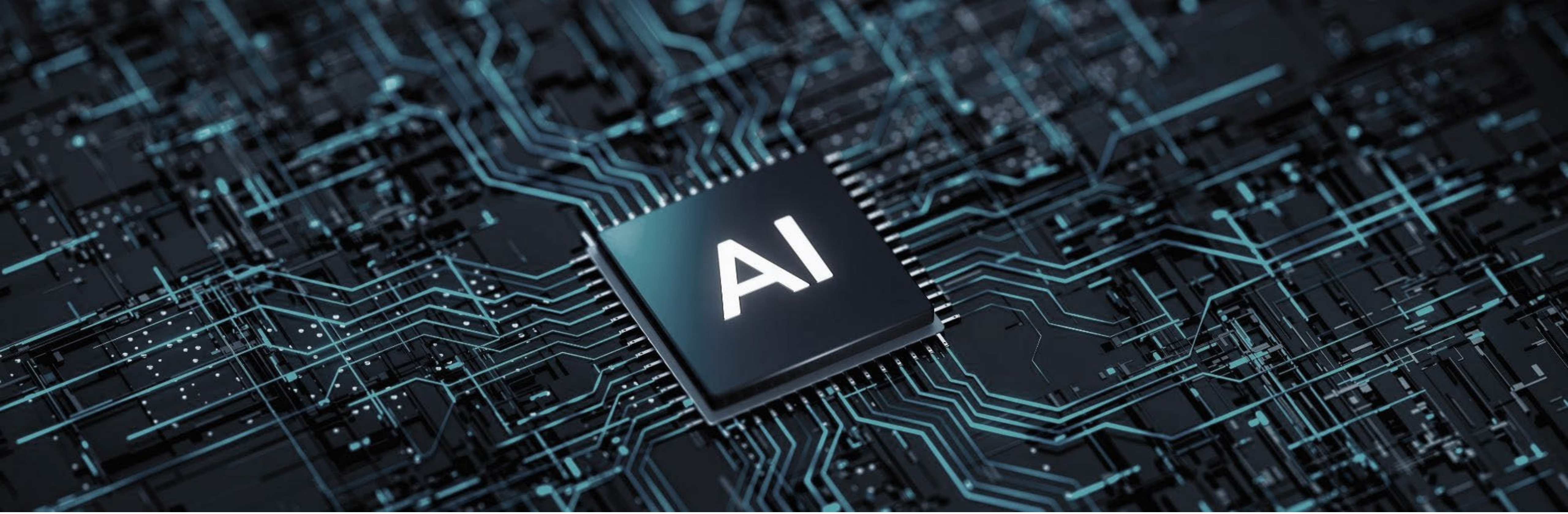
Implications for Global Trade Going Forward

1. **The United States will seek to reduce its trade deficit and limit USMCA dependence on imports from China.** In the near term, imports of AI-related products are likely to remain permitted.

2. **China will continue to rely on exports as a key economic driver and increasingly use third countries** as production bases to mitigate the impact of global protectionist measures.

3. **Asian economies will be less able to rely on traditional export models** and will need to strengthen technology manufacturing capabilities to address China flooding while continuing to attract Chinese investment.

Source: SCB EIC analysis based on data from the WTO, Trade Map, USTR, McKinsey & Company, and the OECD.



AI is doing the heavy lifting

AI will remain a key growth driver, supported by continued investment and robust demand for electronics.

Hyperscalers' AI investment continues to expand rapidly, driven by AI's strategic importance to both the U.S. and China.

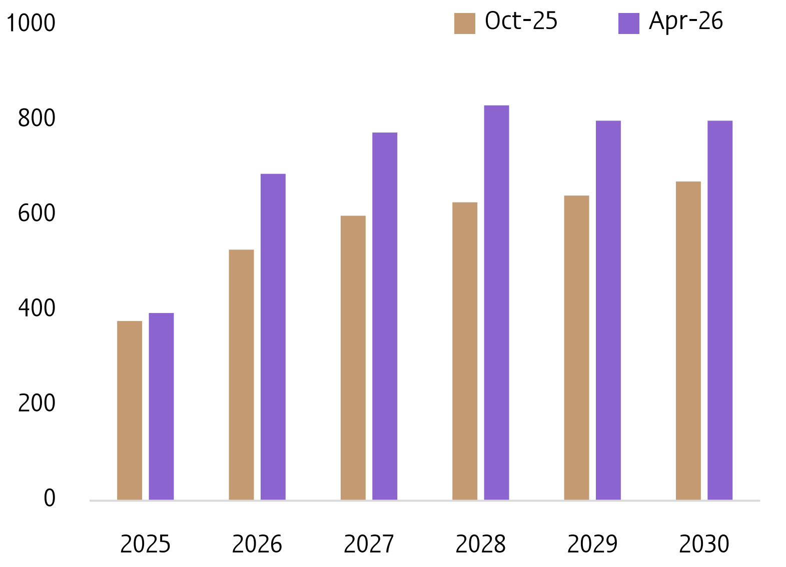
Rising demand for computational power is driving strong growth **in the electronics trade and digital investment.**

AI will remain a key driver of the global economy amid war-related pressures. Investment in AI and the digital economy is supporting strong growth in electronics trade, particularly across Asia.

U.S. and Chinese hyperscalers are expected to continue increasing AI investment over the next five years

Estimated capex for tech "hyperscalers" 2025-2030

Unit: USD Billion (Source: BlackRock, Bloomberg, April 2026)



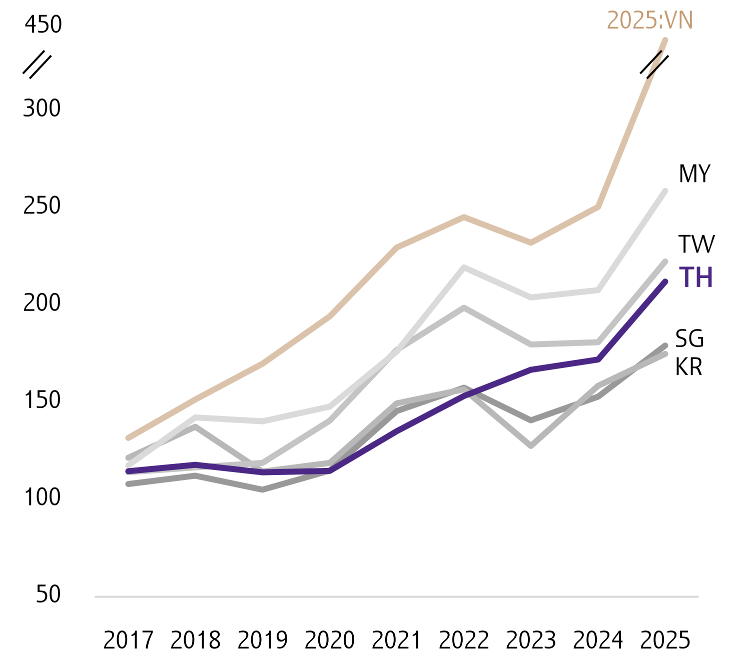
Note: The bars show the total estimated capex, using Bloomberg consensus, for tech "hyperscaler" companies – Alibaba, Amazon, Google, Meta, Microsoft, Oracle, Tencent – in billions of U.S. dollars.

- **The United States remains the global leader in AI, while China is rapidly narrowing the gap.**
- **Investment by U.S. hyperscalers has reached a record high** (approximately USD 700 billion), primarily focused on data centers and infrastructure.

Asia-Pacific economies are benefiting from the AI trend due to their role as the world's electronics manufacturing hub

Electronic Export Value of Asian Economies

Unit: Index Value 2016 = 100



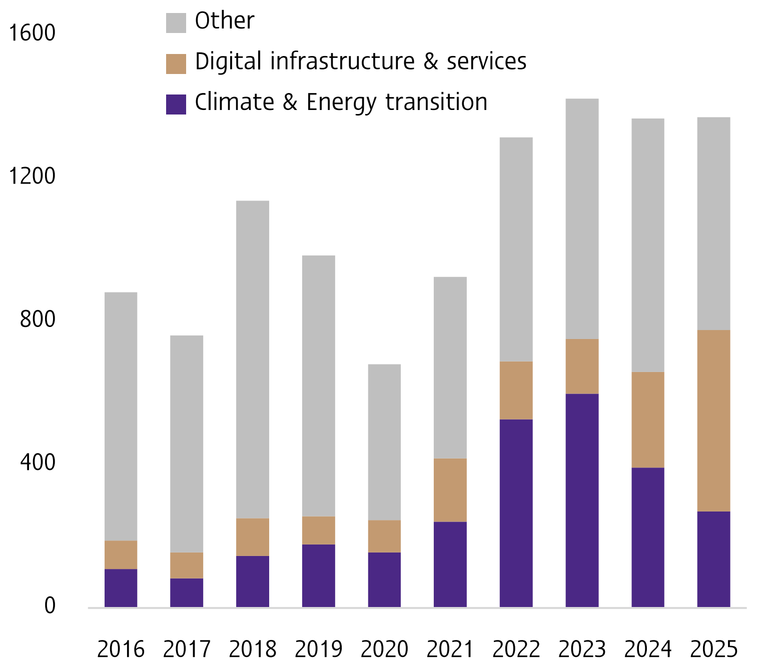
Electronic export growth (2025, %YOY)

World	SG	VN	KR	TW	MY	TH
13.7	17.2	74.1	10.4	23.0	24.5	23.3

Demand for AI continues to grow, supporting ongoing expansion in digital economy investment

Global Greenfield FDI

Unit: USD Billion, (Source: World Bank)



Digital investment (data centers and cloud services) will continue to expand. The WTO estimates that digital services trade will grow by an average of 39% during 2025–2040, nearly twice the growth rate of industrial goods trade (22%).

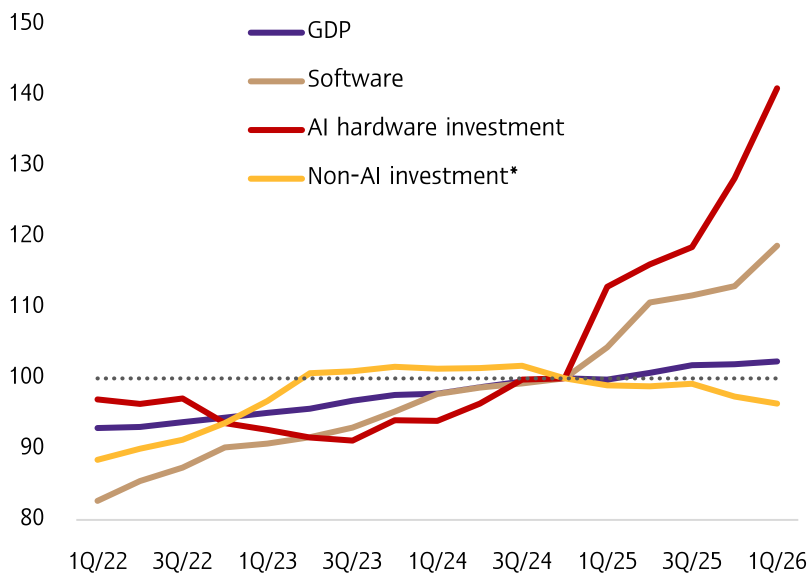
Source: SCB EIC analysis based on data from BlackRock, Bloomberg, WTO, IMF, and UNCTAD.

AI-driven US growth may result in uneven gains, with benefits concentrated among specific groups while a broader segment of the workforce faces increasing displacement risk.

Investment in the United States is increasingly concentrated in AI and digital sectors, while other forms of investment continue to decline

U.S. GDP and Investment by Category

Unit: Index 4Q/2024 =100, (Source : BEA and The Economist)

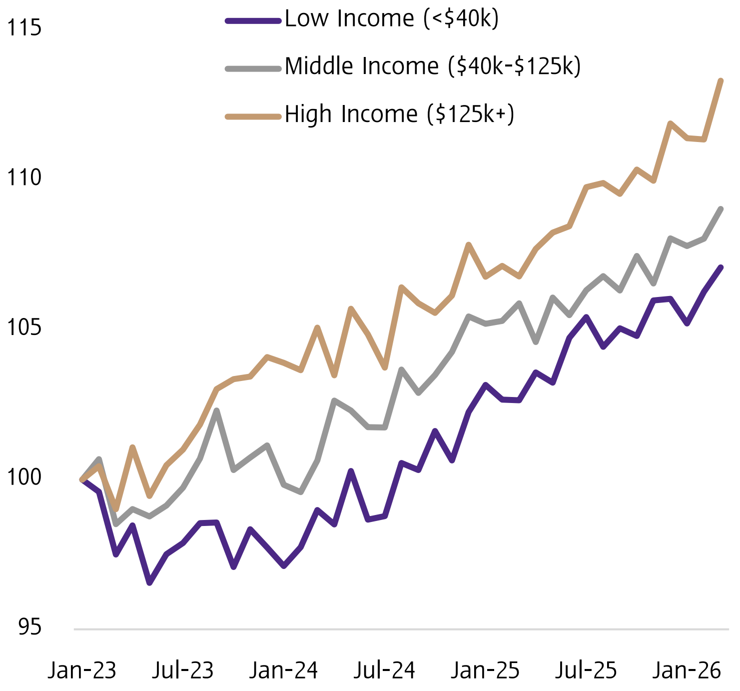


*Non-AI investment = Private nonresidential fixed investment minus information-processing equipment and software

Spending by high-income households has remained strong, supported by wealth effects from ownership of AI-related assets.

Household Spending by Income Group

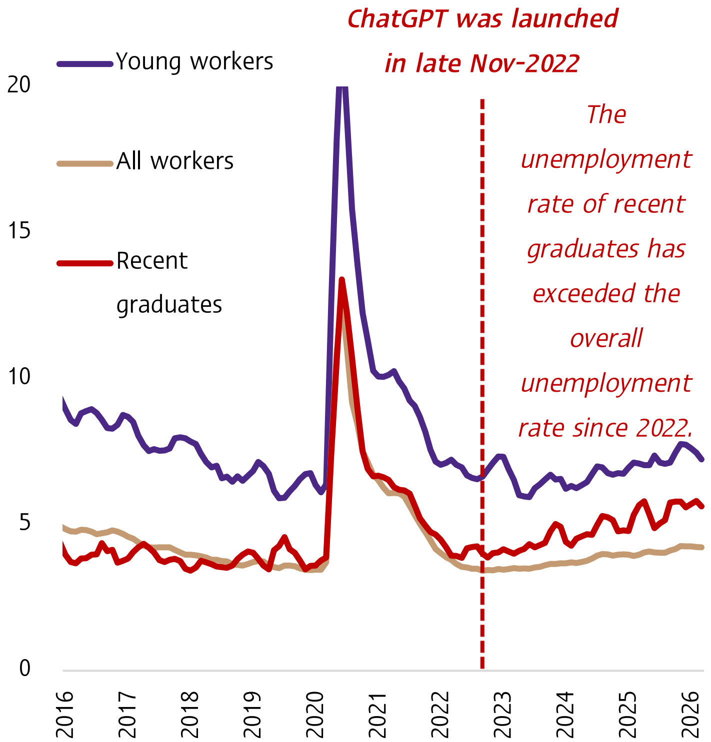
Unit: Index (Jan-23 =100), (Source : Numerator and New York Fed)



The unemployment rate of recent graduates has exceeded the overall unemployment rate since 2022

U.S. Unemployment Rate

Unit: %



Source: SCB EIC analysis based on data from the U.S. Bureau of Economic Analysis, Numerator, the Federal Reserve Bank of New York, and the U.S. Bureau of Labor Statistics (BLS).

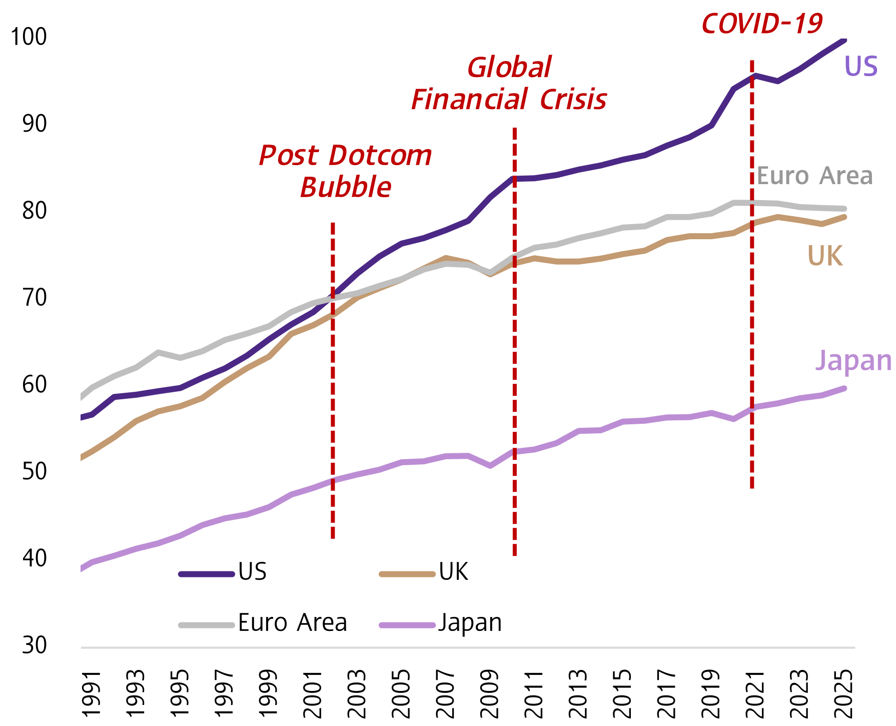
The U.S. economy already exhibits high productivity, and AI innovation is expected to significantly enhance productivity over the long-term following the current phase of intensive AI investment.

U.S. labor productivity has continued to grow, in contrast to most advanced economies that have experienced stagnant productivity growth.

AI will help the United States maintain its productivity leadership over the long term as adoption becomes widespread. In the near term, economic benefits will primarily be driven by investment.

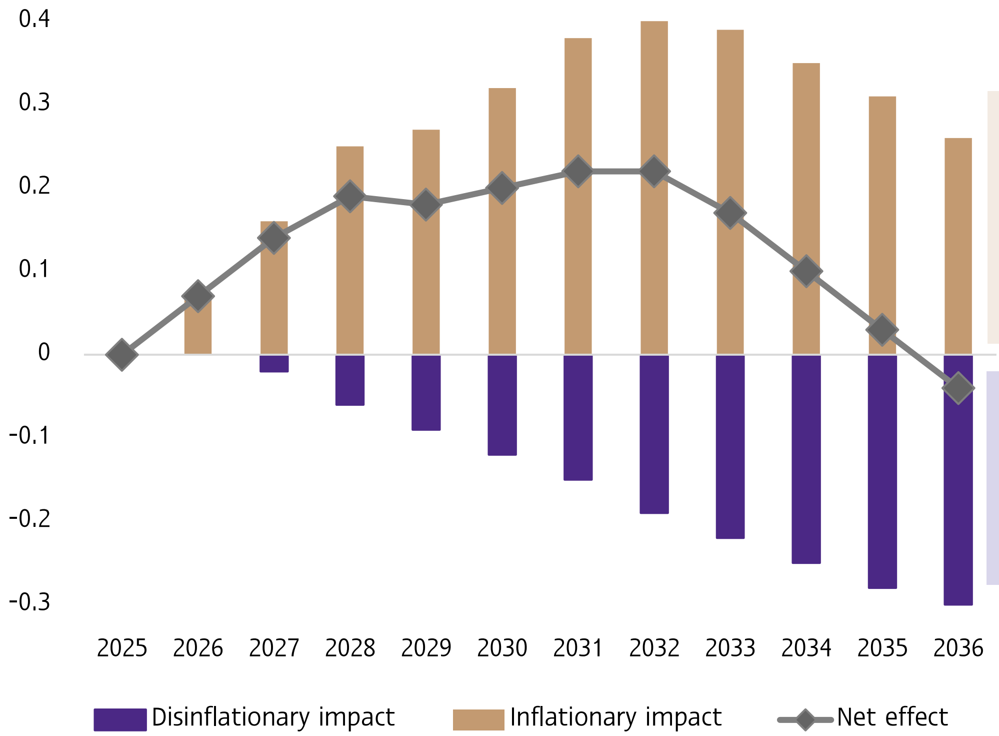
Labor Productivity per Hour Worked Across Major Economies

Unit: 2022 International USD at PPP, (Source: The Conference Board)



Estimated Impact of AI Infrastructure Expansion on U.S. Inflation

Unit: Percentage points, Source : BlackRock Investment Institute



In the short term, accelerated AI investment in data centers and hardware supports U.S. economic growth but does not directly enhance productivity, contributing to higher inflationary pressure.

AI supports U.S. economic growth through productivity gains from broad adoption while helping ease inflationary pressures, as labor costs do not rise significantly.

Source: SCB EIC analysis based on data from The Conference Board and BlackRock.

Tighter financial conditions : Higher for longer

Global funding costs have risen amid inflation risks and fiscal stability concerns.

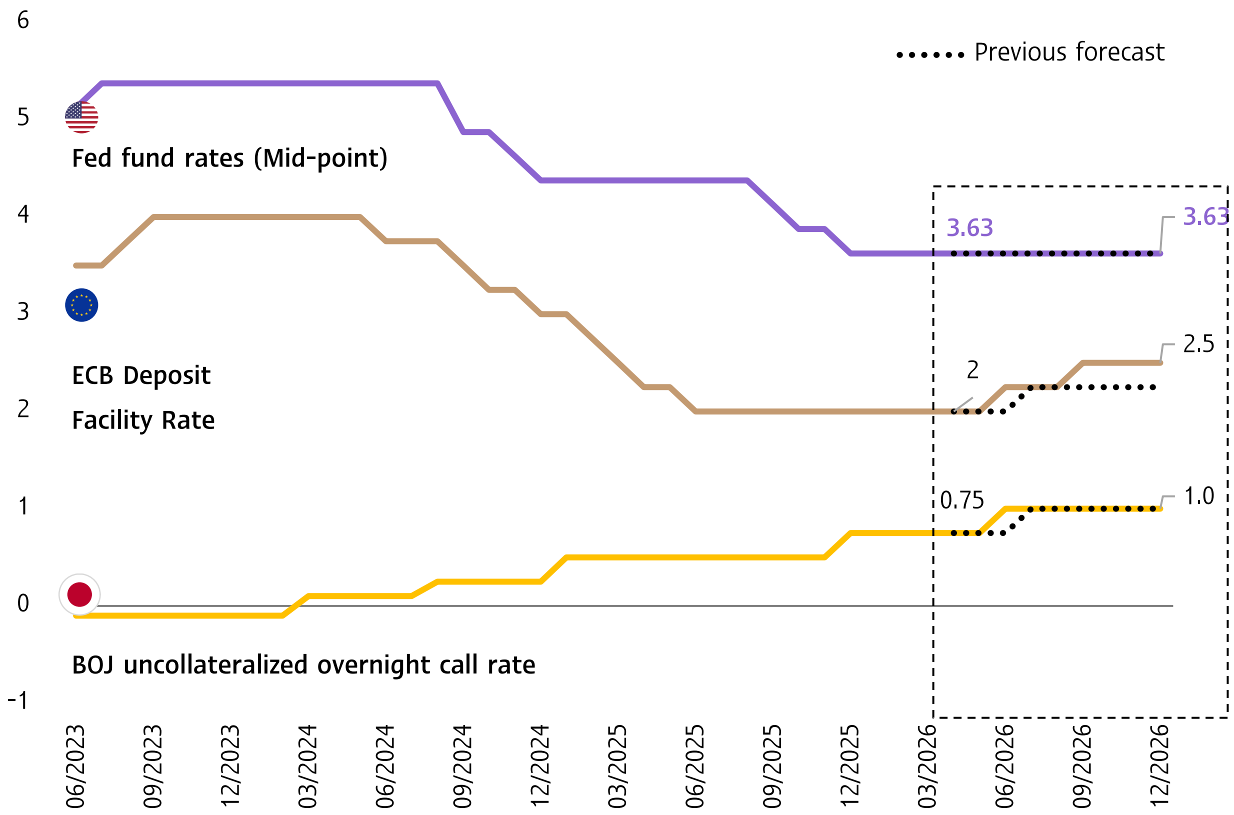
The Fed is unlikely to ease monetary policy this year due to higher inflation risks and the still-strong U.S. economy.

High global government bond yields add pressure on economies with elevated debt levels and limit room for economic stimulus.

The Fed is unlikely to cut rates this year, as higher inflationary pressure from the Iran war and the resilient U.S. economy will keep global interest rates elevated.

Policy rate forecasts for major central banks

Unit: %, SCB EIC forecasts



The Fed is likely to hold the policy rate at 3.50–3.75% through year-end.

After Kevin Warsh signaled at his first meeting on June 17–18 that he prioritizes price stability, assessing that (1) inflation is a structural issue driven by supply-side factors and (2) the U.S. economy is likely to remain solid, with the labor market still strong.

Next meeting: July 28–29.

The ECB is likely to deliver one more rate hike to 2.5%.

The ECB is likely to deliver one more 25-bps rate hike to 2.5% after its June hike to anchor inflation expectations and support confidence. However, the ECB's tightening scope remains limited as the economy remains fragile.

Next meeting: July 22–23.

The BOJ is likely to hold the policy rate at 1.0% through year-end.

After its 25-bps rate hike in June, the BOJ's policy rate is moving closer to the neutral rate of 1.5%. The BOJ is therefore expected to raise rates gradually while assessing the impact of previous hikes. However, further rate hikes would increase the interest burden on public debt.

Next meeting: July 30–31.

Source: SCB EIC analysis based on data from IMF, Financial Times, Fed, ECB, BOJ, and Bloomberg.

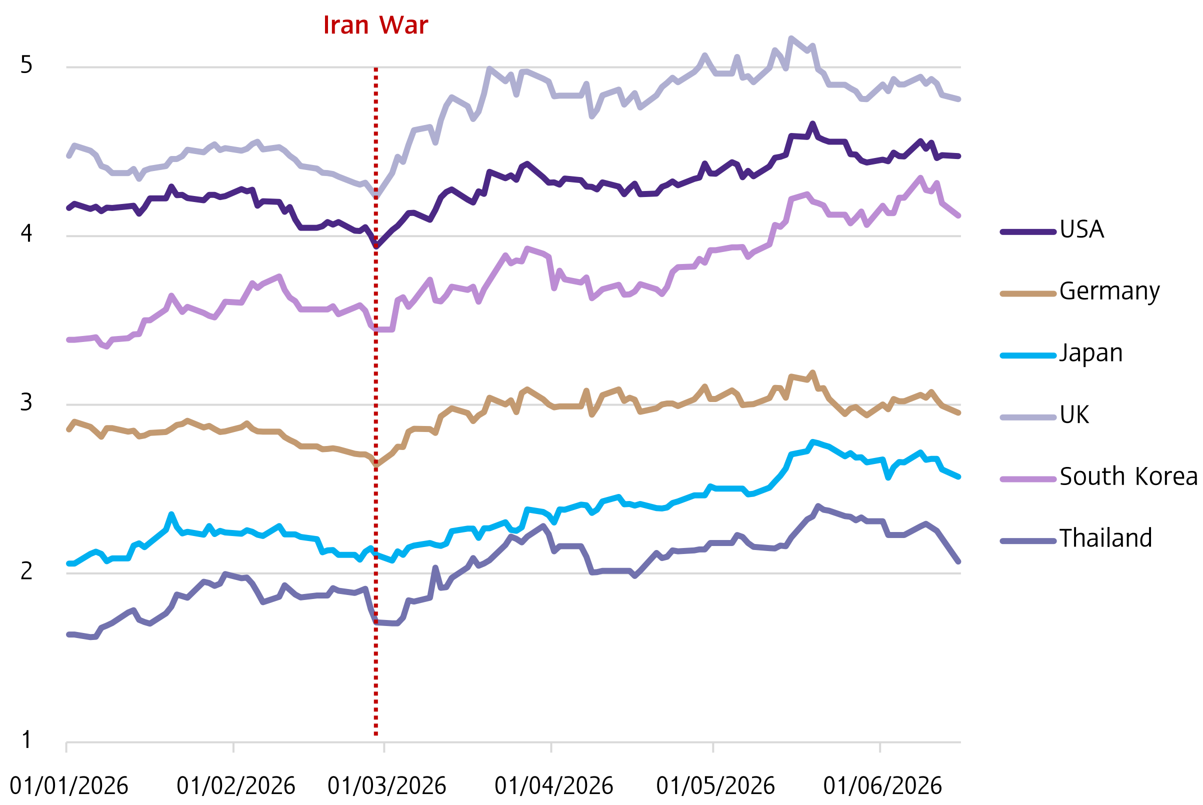
Global financial conditions remain tight, reflected in a rapid rise in government bond yields amid inflation risks and a continued increase in global public debt.

Global funding costs have risen, with the Middle East situation adding pressure to already elevated government bond yields.

Global public debt has continued to rise, weakening fiscal stability.

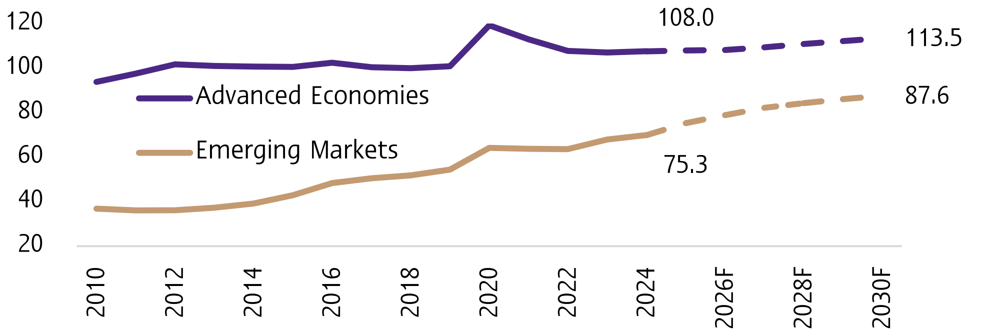
10-year government bond yields

Unit: %



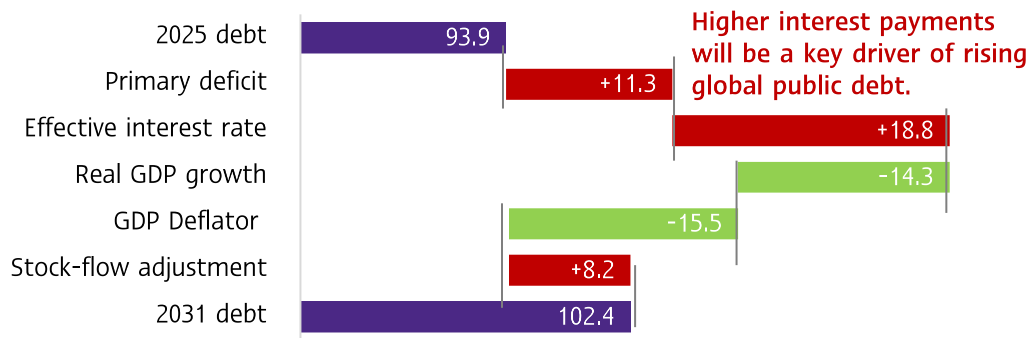
General government debt projections

Unit: % GDP, IMF WEO Apr-26



Drivers of global public debt trends over the next 5 years

Unit: % of global GDP (Apr 2026 IMF Fiscal Monitor)



Source: SCB EIC analysis based on data from IMF, World Bank, and Bloomberg.

The Thai economy has improved modestly as Middle East tensions begin to ease,
but the recovery remains fragile and increasingly K-shaped.

Three key themes shaping the Thai economy

K-shaped recovery becomes more concentrated

- **Exports and investment recover, but growth concentrated** in large technology-related businesses with high import content.
- **Number of foreign tourist arrivals revised up** as global travel confidence gradually recovers, supported by lower oil prices.
- **Thailand's current account deteriorates** due to both temporary factors (the Middle East conflict) and structural headwinds.

The economy improves, but remains fragile

SCB EIC revises up 2026 Thai GDP growth forecast to 2.0% (from 1.7%), as the temporary ceasefire in the Middle East eases pressure on energy prices.

- **Domestic retail oil prices have begun to decline** in line with global crude oil prices, easing inflationary pressures.
- **Low- to middle-income households and SMEs** remain largely fragile amid slow income recovery, high debt burdens, and elevated living costs.

Tight financial conditions; policy rate on hold.

- **Financial conditions remain tight.** Private credit growth has resumed modestly, driven by large firms, while households and SMEs continue to face tight financial conditions and deteriorating credit quality.
- **The MPC is likely to hold the policy rate throughout this year,** as inflationary pressure is mainly supply-driven, while the Thai economy remains fragile and grows below potential.

SCB EIC has revised Thailand's 2026 GDP growth forecast upward to 2.0% following the easing of Middle East tensions. However, the recovery remains uneven, concentrated in selected export and investment sectors, while households and SMEs remain fragile.

SCB EIC

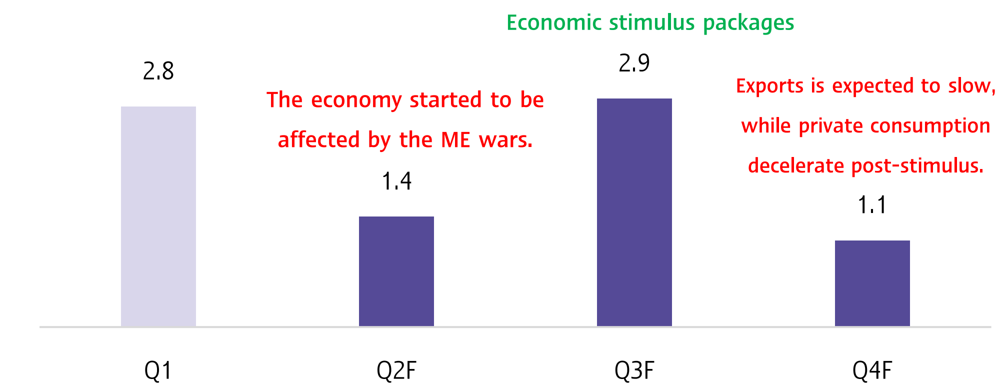
SCB EIC Thailand Economic Forecast, 2026–2027 (as of 23 June 2026)

Unit: %YOY

Baseline	Unit	2025	2026F May-26	2026F Jun-26	2027F
GDP	%YOY	2.4	1.7	2.0	1.9
Private consumption	%YOY	2.7	2.4	2.5	1.4
Government consumption	%YOY	0.6	1.3	1.3	1
Private investment	%YOY	3.5	3.6	4.4	2.8
Public investment	%YOY	8.9	4.1	4.1	1.8
Export value (USD BOP)	%YOY	12.7	7.8	10	2.6
Import value (USD BOP)	%YOY	13.0	15.8	16.9	1.1
Foreign tourist arrivals	Million	33	31.7	32.5	34.2
Headline inflation	%YOY	-0.1	3.6	2.6	0.8
Policy interest rate (year-end)	%	1.25	1.00	1.00	0.75

SCB EIC Thailand Economic Forecast for 2026 (Quarterly)

Unit: %YOY, percentage point



Key Issues to Monitor in H2/2026

Super El Nino 2026

- **Thailand's rainfall in 2026 is expected to be approximately 12% below the long-term average.**
- **Agricultural income is expected to contract in 2026 and faces additional downside risks** if El Nino conditions become more severe or persist longer than anticipated.

U.S. Section 301 Tariffs

The United States has begun announcing Section 301 import tariff measures to replace the additional 10% tariff imposed under Section 122 after the 150-day period expires on 24 July.

- **12.5%: potentially applied to countries without import control measures on goods produced using forced labor, including Thailand** (54 major trading partners).

The United States is investigating excess capacity issues under Section 301, focusing on countries with surplus production capacity or those serving as channels for Chinese exports.

Source: SCB EIC analysis based on data from the Office of the National Economic and Social Development Council (NESDC) and the Bank of Thailand (BOT).

The K-shaped recovery has become more pronounced

The recovery has become increasingly concentrated in large businesses and technology-related sectors

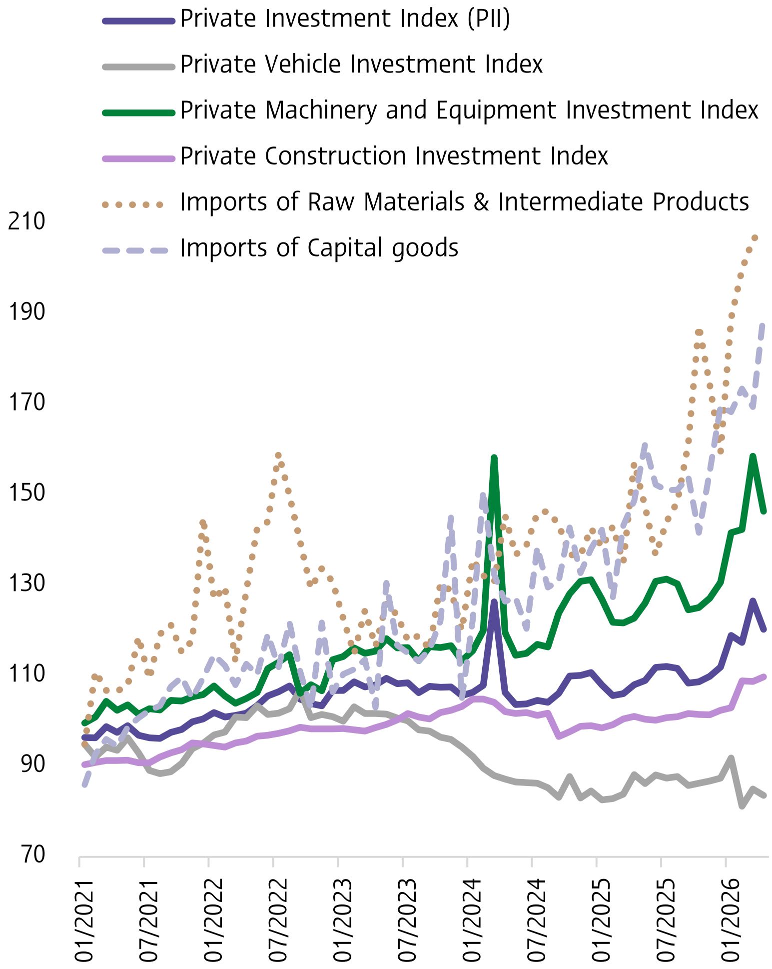
Thailand's economic recovery has become increasingly K-shaped, with growth concentrated among large businesses and technology-related industries. However, these sectors have a high import content, limiting positive spillovers to domestic supply chains.

The trade balance and current account balance are expected to deteriorate this year, driven by previously elevated import energy prices and an accelerating trend in capital goods imports.

Private investment grew strongly from FDI and the Thailand Fast Pass initiative, but concentrated in the tech-related industries, while other manufacturing have yet to recover.

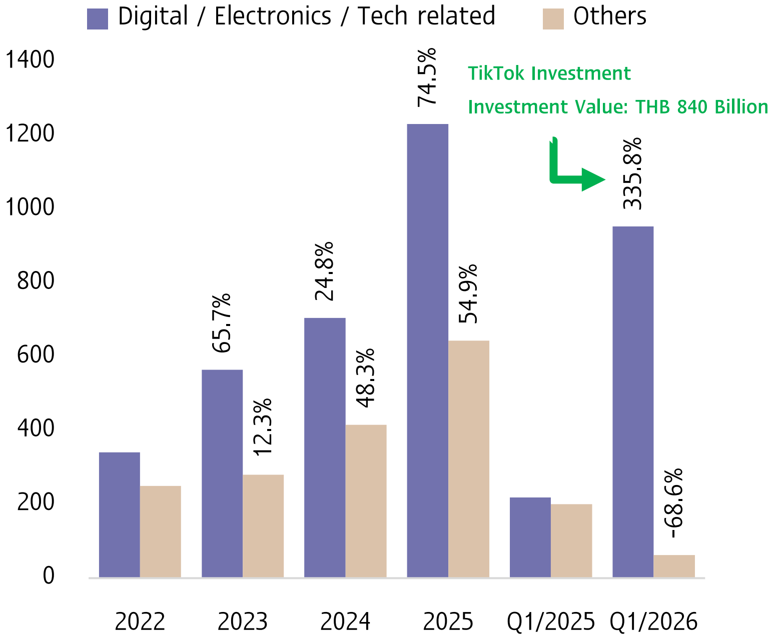
Investment have strengthened from imports of intermediate & capital goods.

Unit: Index (2018 = 100, sa)



BOI Investment Promotion Applications

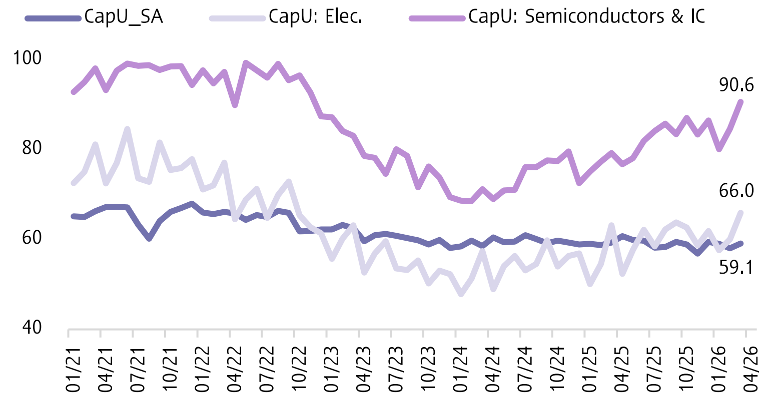
Unit: Billion Baht, % YoY



5 Top Sources	2022	2023	2024	2025	26Q1
Singapore	**6.4%**	**14.5%**	**31.2%**	**29.2%**	**82.4%**
Europe	5.5%	11.9%	4.6%	8.4%	4.9%
UK	0.7%	0.2%	0.4%	5.3%	4.6%
Japan	7.4%	8.5%	4.3%	6.1%	2.2%
China	11.1%	18.6%	14.7%	9.1%	1.7%

Overall CapU declined but grew in elec-related.

Unit: %



Foreign Investment Trends in Thailand

Thailand Fast Pass continues (launched in Nov 2025).

BOI approved nine additional projects under Phase 2 (bringing the total to 25 projects with a combined value of THB 2.2 trillion), focusing on high-value target industries, with investments expected to be gradually implemented over the next 1–2 years.

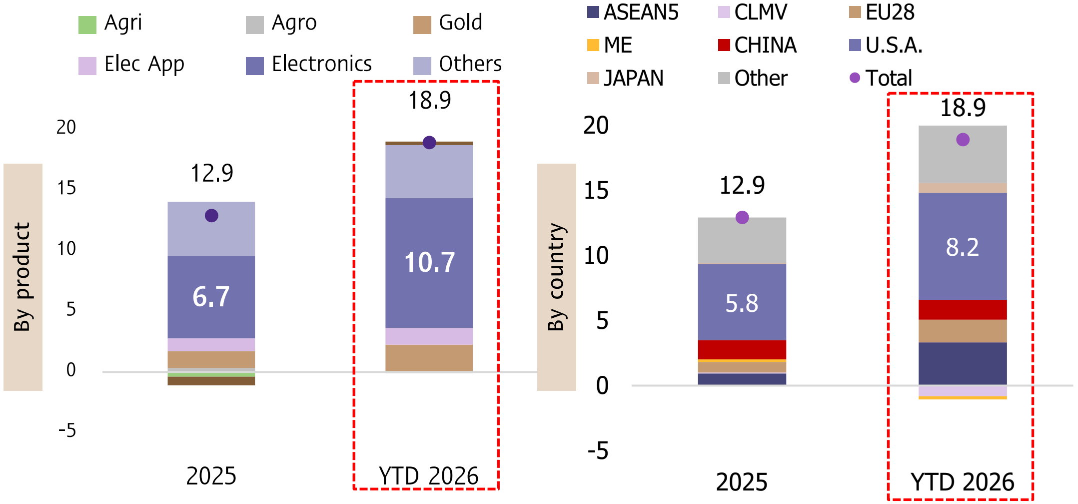
Investment Promotion Applications in Q1/2026

- **Thailand is increasingly emerging as an AI and Data Center hub.** The largest project is TikTok, with an investment value of THB 840 billion.
- **The PCB and semiconductor supply chain continues to expand investment,** driven by leading companies from China and Taiwan, to support growth in AI servers, data centers, and advanced electronics.

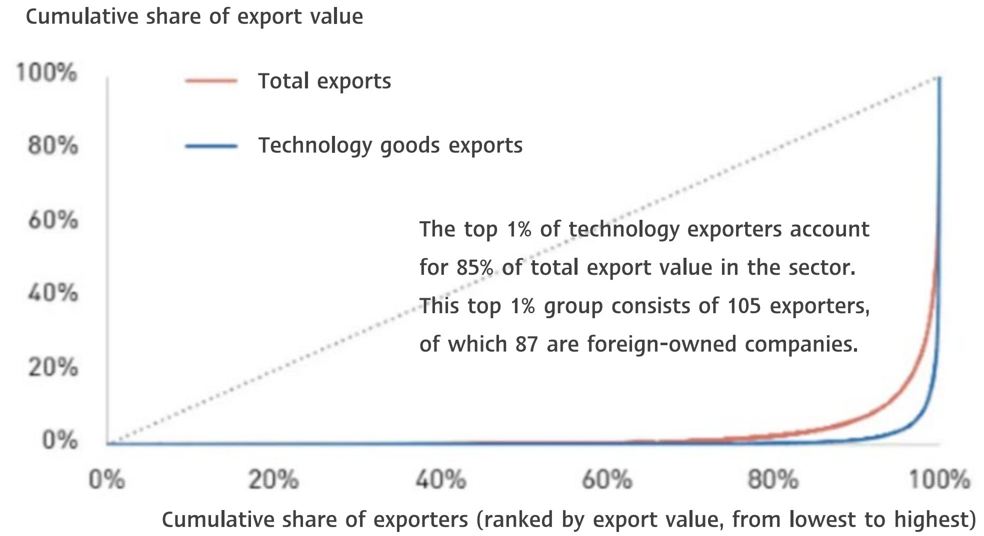
Source: SCB EIC analysis based on data from the Ministry of Industry, the Federation of Thai Industries, BOI, and CEIC.

Exports is expected to continue growing in 2026, but growth concentrated in the electronics-related sectors, particularly among large and foreign-owned firms, consistent with investment trends.

Contribution to Growth of Thailand's Exports by Product and Market.

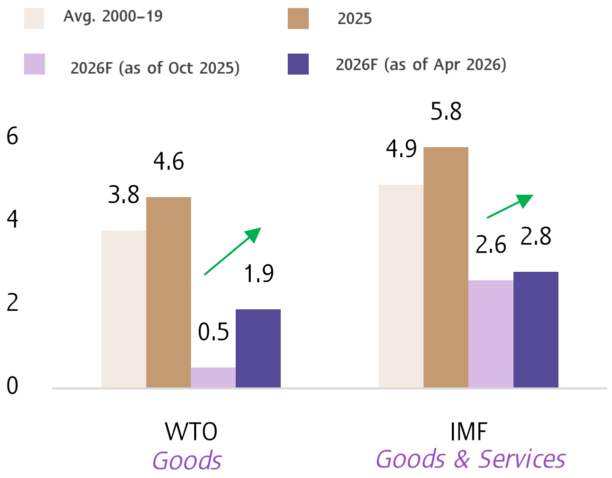


Exporter Structure in 2025 (Based on BOT Study, 2026)



The 2026 global trade volume outlook has improved, but slower than historical levels

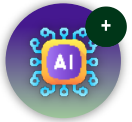
Unit: %YOY



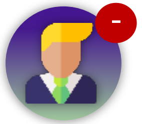
WTO revised up its 2026 global trade forecast

- **Global GDP growth forecast for 2026** was revised upward to 2.8% from 2.6%
- **AI-related trade** is expected to continue expanding, with Asia benefiting the most
- **The impact of U.S. import tariffs** is expected to be less severe than previously anticipated.

Supporting Factors and Risks for Thailand's Export Sector in 2026.



The electronics sector continues to benefit from the electrical and electronics (E&E) supply chain in ASEAN, particularly in Malaysia and Singapore. However, growth is expected to moderate in the second half of the year due to a high base effect.



Thailand faces the risk of additional U.S. Section 301 tariffs related to excess capacity and forced labor concerns; however, uncertainty remains high. Three key issues require close monitoring: (1) the final tariff rate, (2) the implementation timeline, and (3) the scope of Thai product categories subject to the tariffs.

Prolonged and severe El Nino conditions may adversely affect both the volume and quality of agricultural output, particularly rice and rubber.

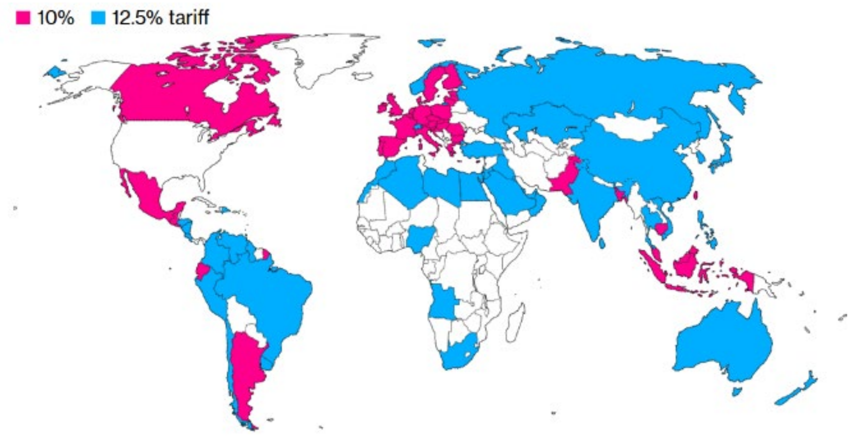
Source: SCB EIC analysis based on data from the Ministry of Commerce, CEIC, IMF, WTO, and the Bank of Thailand.

Thailand is at risk of a 12.5% import tariff under Section 301 related to forced labor; however, uncertainty remains high as tariff rates may still be negotiated, while additional risks stem from excess-capacity-related tariffs.

Outlook for U.S. Section 301 Tariffs Related to Forced Labor

Sec. 301 Tariffs Related to Forced Labor Across 60 Trading Partners.

(Source : Bloomberg)



Potential Risks

12.5% — **Countries without measures banning imports produced with forced labor** include China, Japan, **Thailand,** Vietnam, and India.

10% — **Countries that prohibit imports produced with forced labor but have limited enforcement** include the EU and Canada.

***** — **Countries that have signed an Agreement on Reciprocal Trade (ART) are likely to face lower import tariff rates.**

Thailand and U.S. Section 301 Tariffs: Forced Labor Issue

- **Thailand faces a potential 12.5% tariff,** as the USTR considers that Thailand lacks laws or measures restricting imports from countries using forced labor (rather than issues related to forced labor practices within Thailand).
- **Approx. 1,655 out of 10,000 Thai export products to the U.S. are exempt from tariffs under Annex A,** including agricultural products, electronic equipment, energy and mineral products, and aircraft parts.
- **Thailand's tariff burden may not change significantly,** as Section 301 provides exemptions for more product categories than Section 122, including aircraft parts.

Uncertainty remains high, and Thailand may seek tariff reductions or exemptions.

Thailand may seek tariff reductions or exemptions.

- 22 Jun : Submission of clarification requests and issue summaries to the USTR.
- 6 July : Trading partners submit comments and proposals.
- 7 July : Public Hearing

Benefits of an ART Agreement for Thailand

- **Maintains competitiveness relative to regional peers,** enhances Thailand's export potential, and increases investment attractiveness.
- **Reduces raw material costs,** enabling industries to access quality inputs at competitive prices and support the development of higher-value products.

An ART agreement may require Thailand to further open its market to U.S. products

- **Thailand faces a higher risk of trade deficits** amid continued inflows of Chinese goods and rising energy imports driven by geopolitical conflicts.
- **Domestic producers may face increased competitive pressure,** particularly in sectors previously protected by Thailand, such as agriculture.

Additional Section 301 Tariffs Related to Excess Capacity

Thailand is one of 16 trading partners under U.S. investigation regarding excess capacity. The impact on Thailand remains uncertain and depends on the final tariff structure, including:

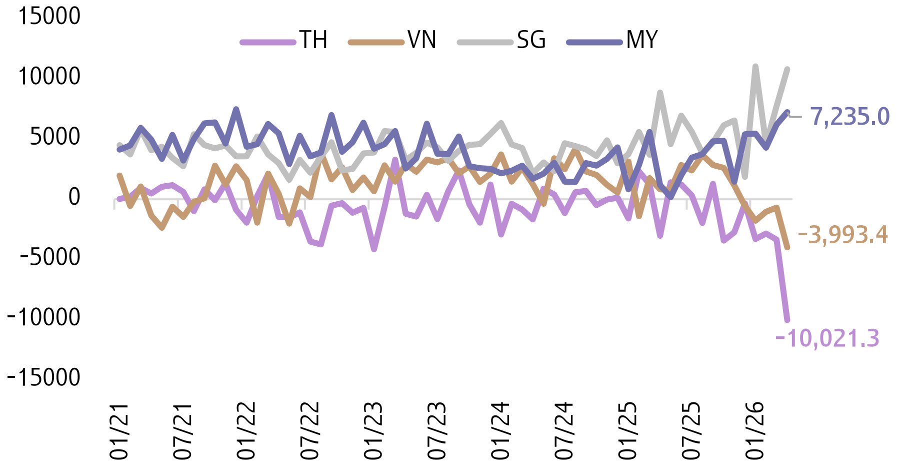
- The final tariff rate on Thai products relative to other trading partners.
- The timing of tariff implementation by the United States.
- The scope of Thai product categories subject to U.S. tariffs.

Source: SCB EIC analysis based on data from The White House, USTR, Bloomberg, Thai PBS, and Global Trade Alert.

The Middle East conflict is expected to further weaken the trade balance through higher energy imports, adding to already elevated imports from China and Taiwan, particularly in electronics products.

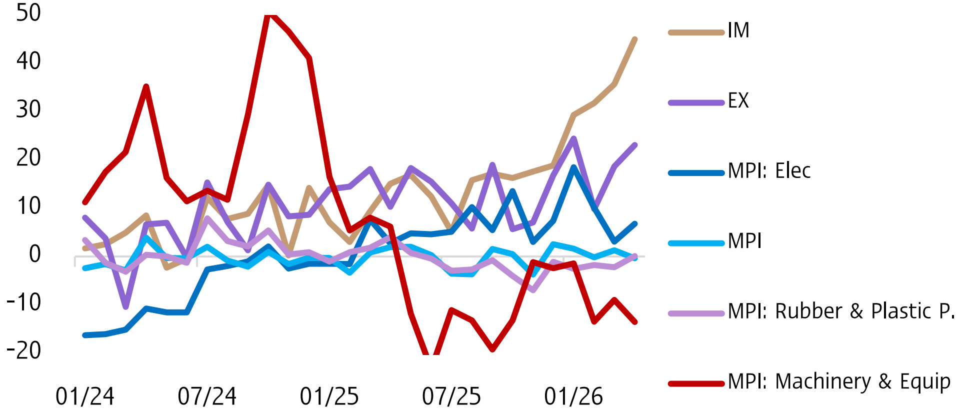
Trade balance recorded a historic deficit and underperformed regional peers.

Unit: USD million



Exports (EX), Imports (IM), and the Manufacturing Production Index (MPI)

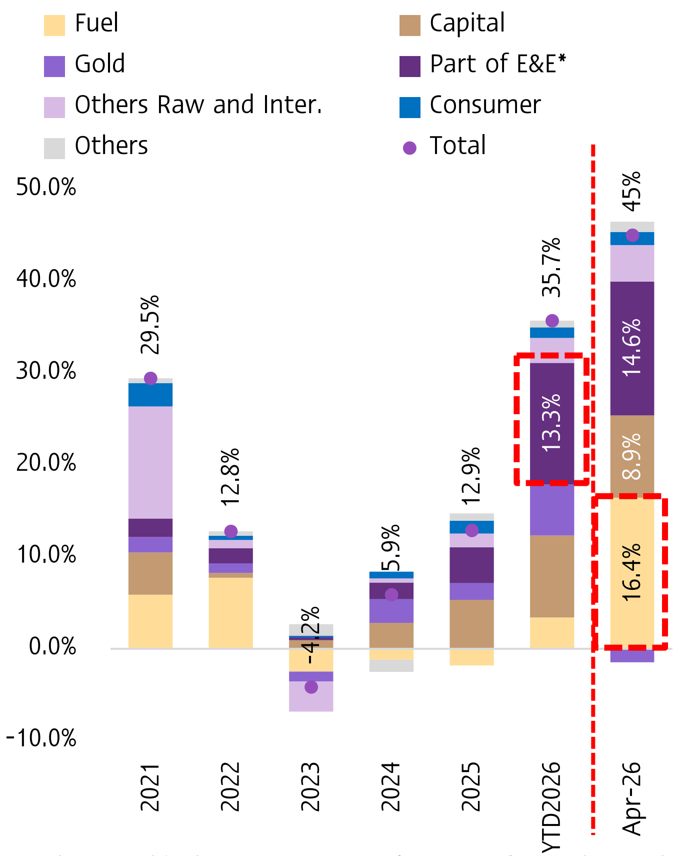
Unit: %YOY



Thailand's imports accelerated in 2026 (even excluding temporary effects from oil prices), driven by imports of electronic components from Taiwan, partly for further manufacturing and export.

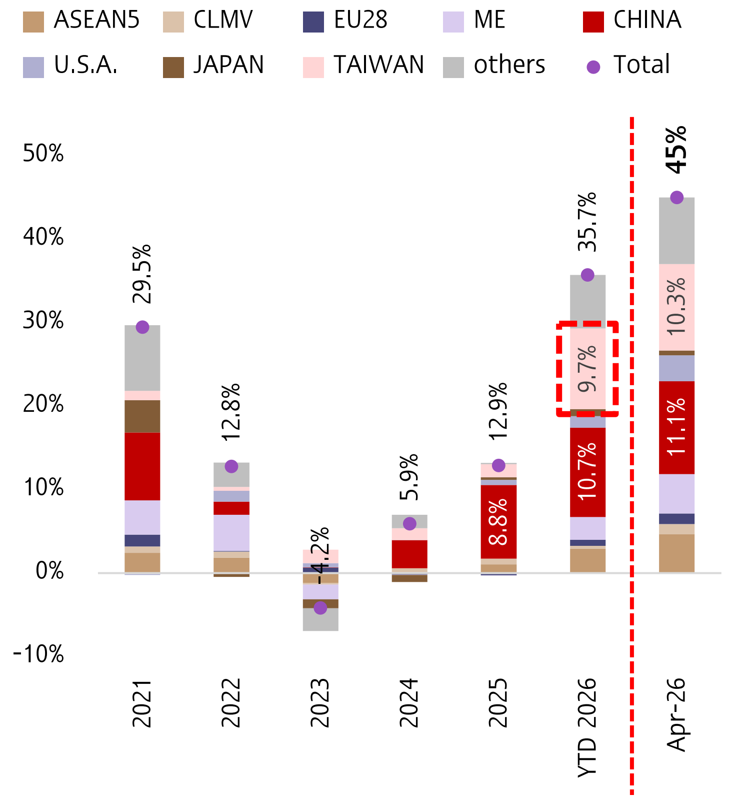
Electronics imports increased considerably in 2026

Unit: contribution to change, percentage point



Imports from China and Taiwan have accelerated since 2025

Unit: contribution to change, percentage point



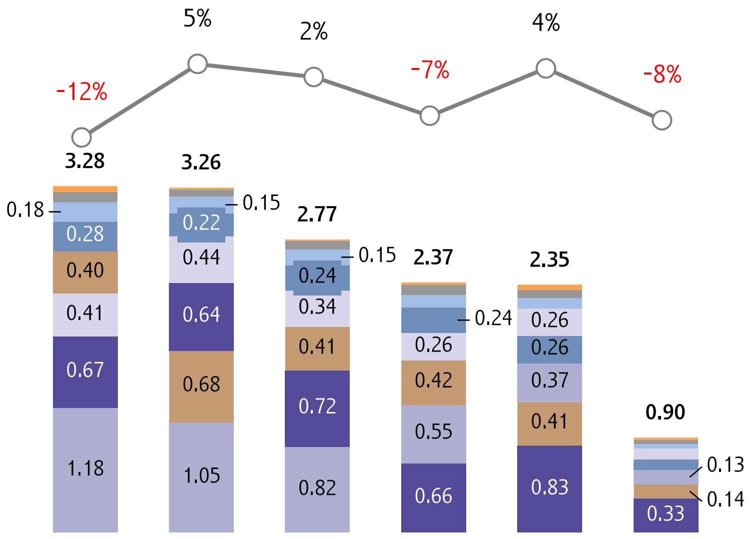
Note: Part of E&E refers to electrical and electronic equipment components (raw materials and intermediate goods). These imports primarily consist of printed circuit boards (PCBs), accounting for 80.9% and 84.1% of imports of electrical and electronic equipment components in 2025 and the first four months of 2026, respectively.

Source: SCB EIC analysis based on data from the Ministry of Commerce and CEIC.

SCB EIC has revised upward its 2026 foreign tourist arrivals forecast to 32.5 million, reflecting the positive impact of the agreement to end the Middle East conflict which is expected to bolster global travel confidence

As of 20 June 2026, Thailand had welcomed 15.45 million foreign tourists, representing a 2.78%YoY decline.

Unit: Million persons, %YoY

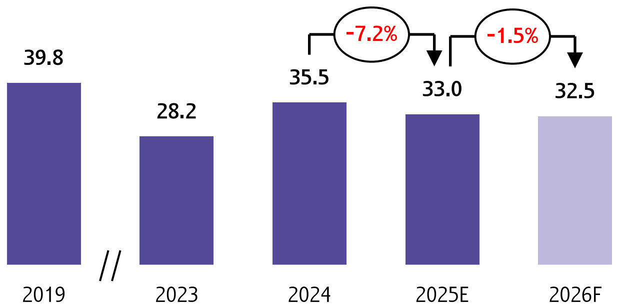


*Foreign tourist arrivals in May increased partly due to an influx of Malaysian tourists visiting Thailand to celebrate Eid al-Adha.

Market group	Market	YTD	Jan.	Feb.	Mar.	Apr.	May.	1-13 Jun.
Markets that continue to grow	China (16%)	18%	-40%	82%	38%	32%	33%	12%
Vulnerable markets	South Asia (8%)	5%	23%	6%	9%	-2%	-3%	-6%
	Americas (5%)	0%	2%	0%	-2%	-2%	4%	-1%
	Europe (31%)	0%	10%	5%	-4%	-16%	0%	-9%
Markets experiencing a slowdown and facing significant headwinds	N.E Asia (13%)	-7%	-18%	0%	-3%	-4%	-5%	-8%
	Others (3%)	-7%	-5%	-7%	7%	-5%	-4%	-31%
	ASEAN (23%)	-14%	-23%	6%	6%	-2%	0%	-15%
	Middle East (1%)	-27%	6%	-51%	-33%	-57%	-2%	-28%

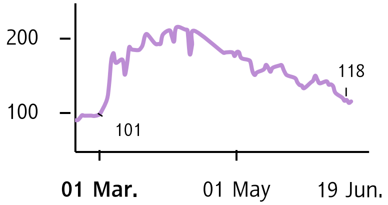
Foreign tourist arrivals forecast in 2026

Unit: Million persons



Jet Fuel Price ($/barrel)

Between 27 Feb-19 Jun: +16%



- (+) **Lower airfares and a gradual recovery in flight capacity are expected** as jet fuel prices retreat from their earlier surge to more than double previous levels, leading to reduced fuel surcharges. Meanwhile, improved operating economics are likely to encourage airlines to progressively increase flight frequencies, with flight capacity expected to normalize by the end of Q3.
- (+) **Tourist confidence is expected to improve** as conditions become more favorable and stable. In addition, airlines are preparing promotional fare campaigns, which will further support travel demand.
- (+) **The recovery of Malaysian tourists crossing the land border is expected to continue** as concerns over fuel shortages ease. Additionally, the revival of Hat Yai's commercial districts will further support cross-border travel.
- (−) **Tourism war in Asia has intensified,** as destinations including Japan, South Korea, China, Vietnam, and Malaysia actively compete to attract global travelers. Meanwhile, China–Japan tensions have prompted Chinese tourists to diversify their outbound travel to alternative destinations across the region.

Source: SCB EIC analysis based on data from the Ministry of Tourism and Sports.

Tourism war across Asia remains intense, with many destinations continuing to adjust their strategies to stimulate travel demand amid the ongoing slowdown in global tourism.

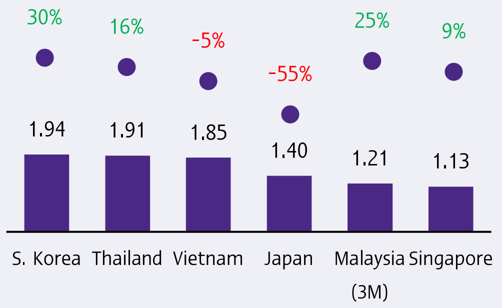
The tourism war across Asia remains intense, with Thailand ranking second only to Japan in attracting international tourists.

Foreign tourist arrivals in each country (4M26)	4M26 (Million persons)	%4M26	Jan-26	Feb-26	Mar-26	Apr-26
Japan	14.4	0%	-5%	6%	3%	-6%
Thailand	11.7	-3%	-12%	5%	2%	-7%
Vietnam	8.8	15%	19%	18%	1%	23%
S. Korea	6.8	18%	0%	26%	27%	19%
Malaysia (3M)	6.5	3%	-8%	20%	0%	

Chinese tourists remain the primary target market for many destinations and continue to offer strong growth potential.

Chinese tourist arrivals in each country during 4M

(Unit: Million persons, %YoY)



Share of Chinese tourists

28%	16%	21%	10%	19%	20%

Asian countries' tourism policies are shifting toward a greater focus on short-haul tourists amid the Middle East crisis.

- **Joint promotional campaigns with tourism businesses, including airlines and OTAs,** have been launched to stimulate travel demand, such as Singapore and Scoot's "Singapore Superfans 2026" campaign offering promotional fares for short-haul flights.
- **The use of influencer marketing to promote tourism has continued,** such as Malaysia's Visit Malaysia 2026 campaign, which allocates more than 70% of its marketing budget to digital media.
- **The adoption of visa facilitation measures and streamlined entry procedures has become a key strategy to stimulate travel demand.** For example, Japan has upgraded its Japan eVISA system, allowing short-term tourists from selected countries—including Australia, Taiwan, Vietnam, India, and Singapore—to apply for visas online, effective from 15 May 2026.

Thailand has adopted a **Value over Volume** strategy, focusing on increasing spending per trip.

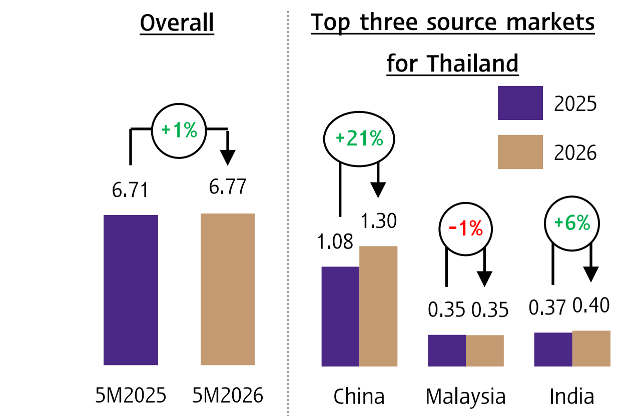
Channels to create greater value for Thailand's tourism sector

- Global Mega Event
- Wellness Tourism
- Gastronomy Tourism
- Regenerative Tourism

Thailand is also promoting multi-destination tourism by strengthening partnerships with other countries. For example, its collaboration with Bhutan links Wellness Tourism and Sustainable Tourism.

International tourism receipts during 5M2026

(Unit: THB hundred billion)



%YoY (in terms of arrivals)	-2.3%	18.3%	-8.6%	8.0%

Additional policy measures for government consideration

Continue strengthening safety standards to position Thailand as a safe destination.

- Transform Trusted Thailand into a comprehensive safety assurance system that encompasses certified accommodation, retail, transport, and tourism operators, supported by an integrated complaint-handling platform.
- Strengthen law enforcement and ensure fair implementation to enhance tourist confidence.

Promote a greater distribution to secondary cities.

- Enhance tourism attractions, destination management, and supporting infrastructure.
- Improve transport connectivity between major and secondary cities
- Encourage tour operators to offer bundled travel packages covering both major and secondary cities.

Develop more granular tourism revenue data to enable more targeted policy design and strategic planning.

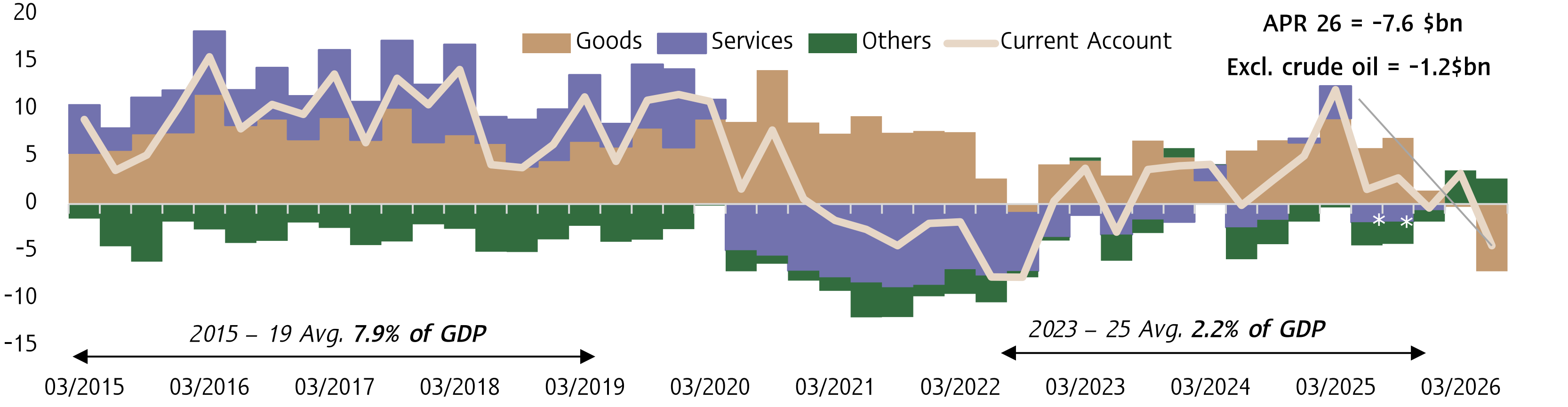
- Upgrade the tourism revenue data collection system to provide timely, high-quality insights through a connected data ecosystem that integrates information from government agencies, hotels, and online travel agencies (OTAs), while introducing advanced metrics such as experience-based revenue tracking

Source: SCB EIC analysis based on data from the Ministry of Tourism and Sports.

Thailand's current account balance has deteriorated due to both temporary factors (the Middle East conflict) and structural factors (greater reliance on imports for production and investment).

Thailand's Quarterly Current Account Balance by Major Components

Unit: USD Billion, BOP Basis *Q1 and Apr 26 data include the services balance and other items (primary income, secondary income, errors and omissions)



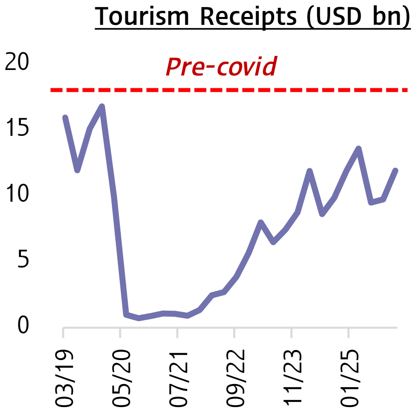
SCB EIC Forecast of Thailand's Trade Balance and Current Account Balance.

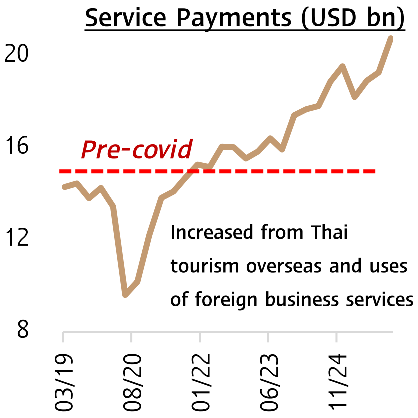
%GDP	2025	2026F
Current Account Balance	2.8	-0.6 ถึง 0.0

- **Thailand may record a current account deficit in 2026** due to the impacts of war, a slow tourism recovery, and increased imports for investment and production.
- **Thailand is likely to return to a current account surplus in 2027,** albeit at a lower level than historically, supported by tourism recovery and lower energy prices, while structural dependence on imports remains elevated.

The current account deficit has widened recently due to both temporary and structural factors.

The services balance has deteriorated due to the slow recovery of tourism receipts and increased use of foreign services.





Structural Factors

(1) **Higher import penetration in Thailand (for both goods and services).**

Exports, particularly elec, require imports of intermediate goods.

Investment, such as data centers, involves significant imports of equipment.

Thailand is increasingly consuming foreign digital services, such as subscription-based services.

Thailand's terms of trade have continued to deteriorate.

(2) **Long-term macroeconomic factors**

The overall savings rate has declined (from 31% of GDP in 2019 to 24% in 2024), reflecting a shrinking proportion of working-age population.

Fiscal deficits have increased, and Thailand has yet to reduce them to pre-COVID-19 levels.

Implications: If Thailand's current account deteriorates further in the future.

1) **The yield curve and the Thai baht** are likely to become more volatile and increasingly vulnerable to external factors.

2) **Domestic financial system liquidity** is expected to decline.

3) **Thailand's external stability** is no longer as strong as in the past.

Source: SCB EIC analysis based on data from the World Bank and the Bank of Thailand.

The outlook has strengthened following the easing of the conflict.

Meanwhile, low- and middle-income households and most SMEs remain vulnerable.

Inflationary pressures have eased as domestic oil prices have begun to decline in line with global crude oil prices, supporting private consumption.

Low- and middle-income households and SMEs remain vulnerable. Consumption continues to be weighed down by slow income recovery, high debt burdens, and rising living costs, affecting sales of businesses reliant on domestic purchasing power, particularly small businesses and some service sectors.

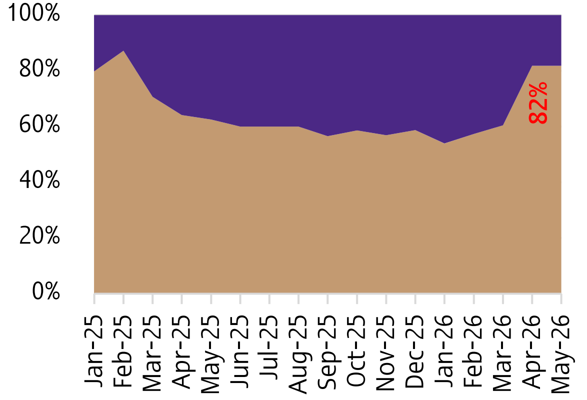
Private consumption is expected to face rising inflationary pressure. Most consumer prices are increasing more rapidly, while producer inflation is rising faster, indicating greater cost pass-through to consumers.

Headline inflation eased in May due to lower energy and fresh food prices

%YoY	Share	2025	Jan-26	Feb-26	Mar-26	Apr-26	May-26	YTD
Headline CPI (All Items)	100%	-0.1%	-0.7%	-0.9%	-0.1%	2.9%	**2.8%**	**0.8%**
Food and Non-Alcoholic Beverages	39.5%	1.1%	0.9%	0.3%	0.3%	1.0%	**0.9%**	**0.1%**
Fresh Food	17.4%	-0.6%	0.0%	-1.2%	-0.8%	0.0%	-0.3%	**-0.4%**
Meat	3.0%	2.9%	-0.9%	-3.7%	-3.9%	-6.3%	-9.4%	**-5.0%**
Fresh Fruits and Vegetables	4.8%	-5.3%	-0.1%	-2.4%	-1.9%	1.3%	2.7%	**-0.1%**
Seasonings and Condiments	1.2%	3.5%	-1.8%	-5.0%	-5.5%	-4.7%	-3.5%	-4.1%
Non-Alcoholic Beverages	3.4%	3.6%	2.5%	3.1%	1.6%	1.3%	0.8%	1.8%
Prepared Food	16.7%	2.4%	1.7%	1.5%	1.7%	2.3%	2.6%	2.0%
Core CPI	70.4%	0.8%	0.6%	0.6%	0.6%	0.8%	0.9%	**0.7%**
Fresh Food Price Index	17.4%	-0.6%	0.0%	-1.2%	-0.8%	0.0%	**-0.3%**	**-0.4%**
Energy Price Index	12.2%	-4.3%	-8.4%	-8.3%	-2.8%	18.9%	**18.1%**	**3.2%**

Share of Items with Price Increases

Unit: %

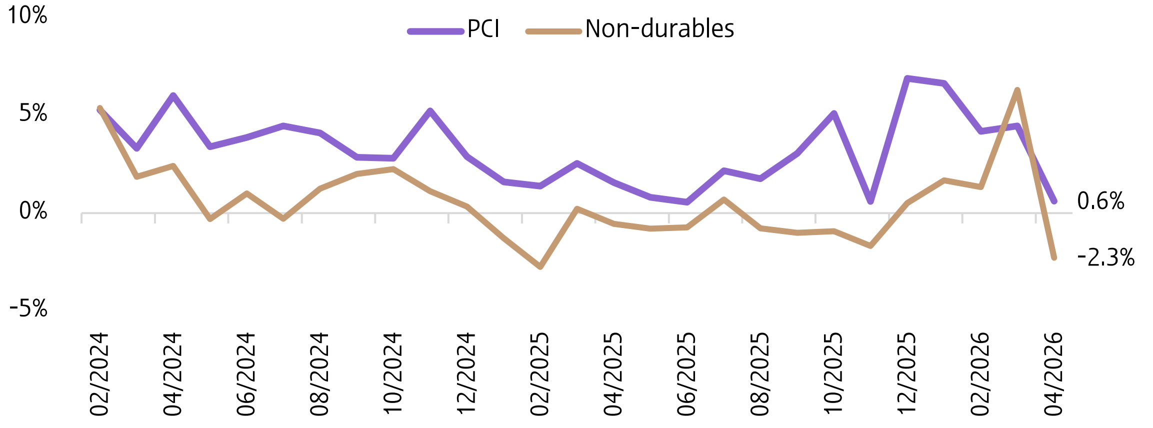


Headline inflation is projected to continue rising, reaching 4% in Q4/2026, with a full-year average of 2.6%.

1. **Higher cost pass-through**
   Early signs are evident in categories such as prepared food
2. **H2 energy prices will remain above H1 levels**
3. **Demand support from the THB 400 billion stimulus decree**

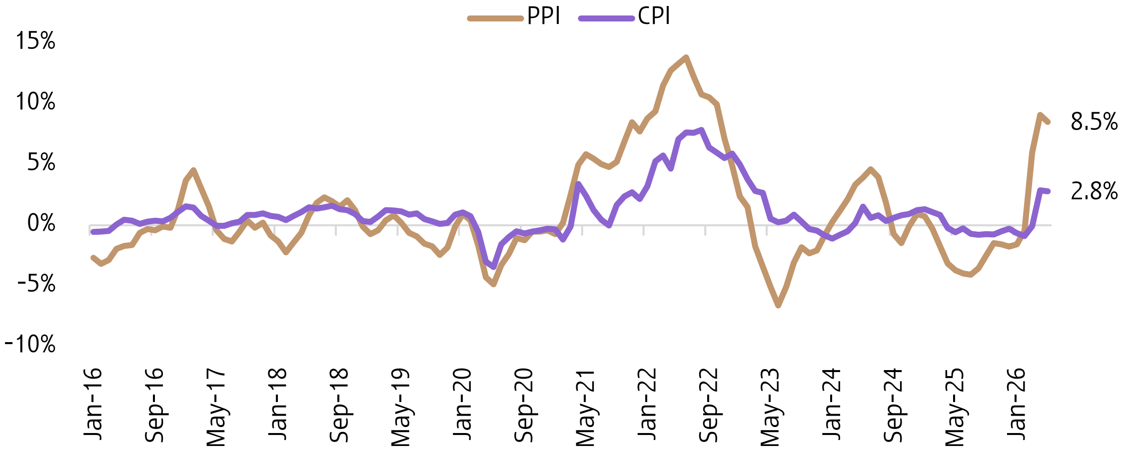
Consumption slowed sharply in April due to weaker spending on non-durable goods

Unit: %YOY



PPI is rising faster than CPI, suggesting potential stronger cost pass-through ahead

Unit : %YOY



Source: SCB EIC analysis based on data from the Ministry of Commerce and the Bank of Thailand.

The THB 400 billion emergency decree is expected to support economic growth by 0.6 ppt. in 2026. The energy transition program could enhance long-term economic potential, depending on project design.

Emergency decree authorizing the Ministry of Finance to borrow THB 400 billion to address the energy crisis and support the country's energy transition.

1 THB 200 Billion Assistance for HHs, Farmers, and Businesses

Thais Help Thais Plus: 60/40

THB 1,000 per month

Gov pays 60%; HH contribute 40%

- 4 months
- 30 million beneficiaries
- THB 120 billion

Welfare Card Top-up Program

THB 700 per month

(THB 300 -> 1,000 per month)

- 4 months
- 13 million beneficiaries
- THB 55.7 billion

Remaining funds

to be allocated to other targeted support measures.

Assumed Loan Disbursement

THB bn	Spending (%)	2026	2027
Assistance Program	198 (99%)	198	-
Transition Program	190 (95%)	76	114
Total	388 (97%)	274	114

- The program is estimated to have a fiscal multiplier of 0.5–0.6, higher than the 0.4 for conventional cash transfers (BOT, 2015), due to added conditions.
- The transition program has a relatively low short-term multiplier due to high import content, but it could enhance economic potential and help mitigate long-term energy shock risks.

2 THB 200 Billion Clean Energy Transition Program

	Policy recommendations for government consideration	Implications for Industry and the Economy
Promote renewable power generation	• Promote energy efficiency • Promote solar rooftop installations and enable the purchase of surplus electricity • Modernize the electricity grid	Greater use of self-generated clean electricity and expanded renewable power generation within the grid would reduce dependence on electricity generated from imported fossil fuels.
Promote environmentally friendly vehicles and charging infrastructure	• Develop the EV ecosystem • Promote commercial electric vehicles (E-Bus, E-Truck) • EV Transition Fund	**Automotive and parts manufacturers can upgrade and transform production lines for the EV era,** while broader ecosystem support encourages EV adoption for both passenger vehicles and e-buses.
Develop workforce skills and innovation to support energy restructuring	• Enhance workforce skills and support clean energy research • Promote innovation in green product manufacturing in Thailand	**Households and businesses can develop skills for the energy transition, including solar rooftop installation, EV maintenance,** and expertise in battery and EV manufacturing.

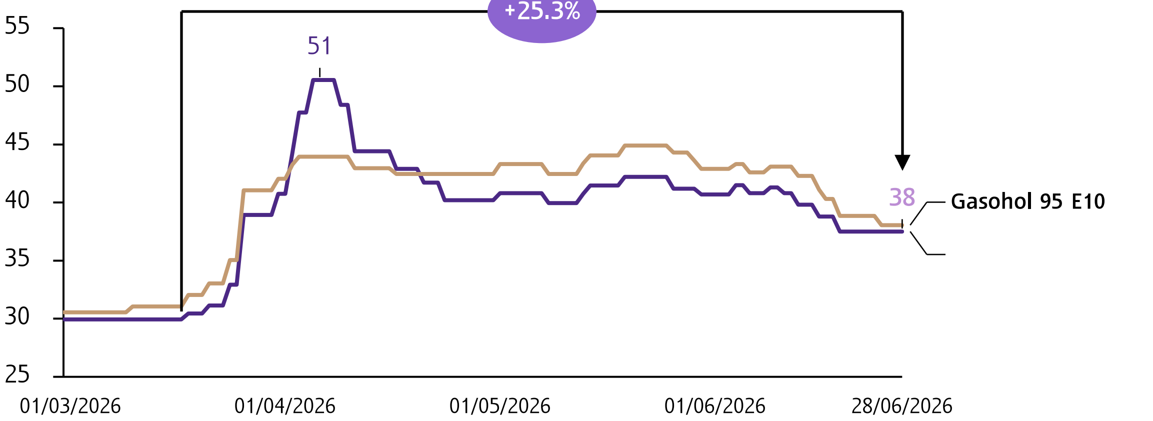
Source: SCB EIC analysis based on data from the Government, BOT, World Bank, Bloomberg, and TDRI.

SCB EIC

Domestic retail fuel prices have begun to decline in line with global crude oil prices following easing tensions in the Middle East. The Oil Fuel Fund balance is expected to gradually improve as fund contributions increase.

Domestic Retail Fuel Prices from the Pre-Conflict Period to 28 June 2026

Unit: Baht per Litre



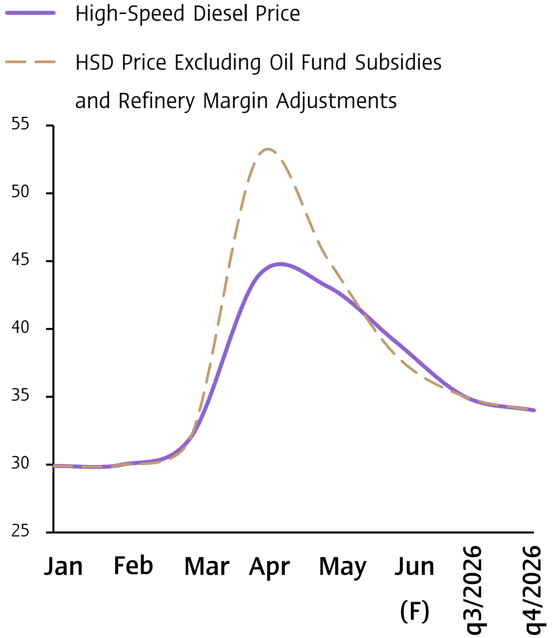
Fuel Price Structure as of 30 June 2026

Unit: Baht per Litre

UNIT: BAHT/LITRE	EX-REFIN.	EXCISE TAX	M. TAX	OIL FUND	CONSV. FUND	WHOLESALE (WS)	VAT (WS)	WS&VAT	MARKETING MARGIN	VAT (MM)	RETAIL
ULG95	22.03	7.50	0.75	10.59	0.05	40.92	2.86	43.78	3.60	0.25	47.64
GASOHOL95 E10	21.92	6.75	0.68	2.82	0.05	32.22	2.26	34.47	3.35	0.23	38.05
GASOHOL91	21.50	6.75	0.68	2.82	0.05	31.80	2.23	34.02	3.42	0.24	37.68
GASOHOL95 E20	21.56	6.00	0.60	-0.92	0.05	27.29	1.91	29.20	3.60	0.25	33.05
GASOHOL95 E85	21.85	1.13	0.11	0.36	0.05	23.50	1.64	25.14	3.60	0.25	28.99
H-DIESEL	24.95	6.92	0.69	0.43	0.05	33.04	2.31	35.36	2.00	0.14	37.50
H-DIESEL B20	26.95	5.95	0.60	-5.18	0.05	28.37	1.99	30.35	2.00	0.14	32.50
FO 600 (1) 2%S	16.10	0.64	0.06	0.06	0.05	16.92	1.18	18.10			
FO 1500 (2) 2%S	14.67	0.64	0.06	0.06	0.05	15.49	1.08	16.57			
LPG (BAHT/KILOGRAM)	31.78	2.17	0.22	-13.25	0.00	20.92	1.46	22.38	3.26	0.23	25.87

Forecast Domestic Retail Fuel Prices in 2026

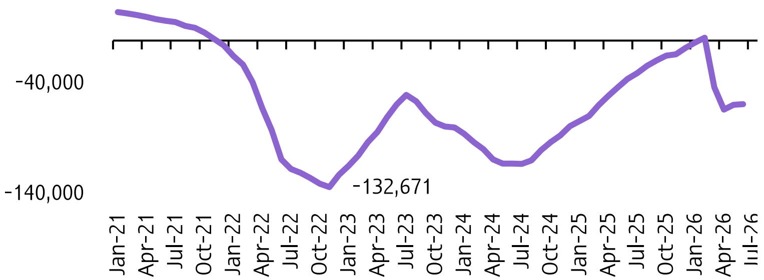
Unit: Baht per Litre



- **Average diesel price in 2026 is projected at <u>THB 35 per litre.</u>**
- Cumulative Oil Fuel Fund balance (as of 28 June): THB -57.6 billion
- **Domestic diesel prices have declined** in line with continued decreases in global crude oil prices.
- **In mid-June,** contributions to the Oil Fuel Fund resumed for diesel at approximately THB 0.2–1.0 per litre and for Gasohol 95/91 at THB 4.0–4.5 per litre following the decline in global crude oil prices. **The Oil Fuel Fund balance is expected to gradually recover in H2** as contribution collections increase.
- **With the Oil Fuel Fund position improving,** the government has no need to issue an additional decree authorizing Ministry of Finance loan guarantees and will manage within existing borrowing limits to avoid increasing public debt.

Oil Fuel Fund Balance

Unit : THB mn



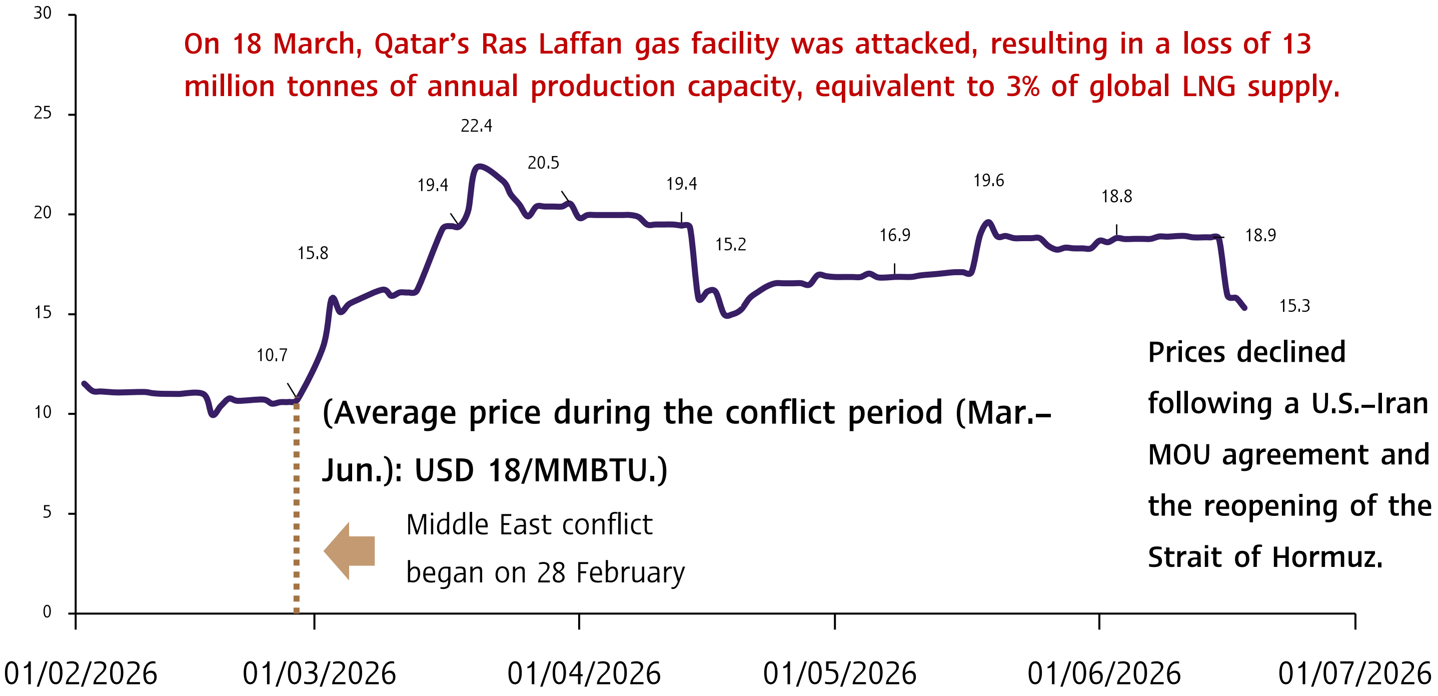
As of 28 Jun 2026 (THB mn)	
Net balance	-57,655
Oil account	-18,433
LPG account	-39,222

Source: SCB EIC analysis based on data from EPPO, DOEB, the Ministry of Energy, ERC, and various news agencies.

LNG prices are expected to decline but remain elevated. Damage to LNG infrastructure will require years of restoration. Despite the end of the conflict, electricity tariffs increased to THB 3.95/unit in May–August and are expected to rise to THB 4.20/unit in September–December.

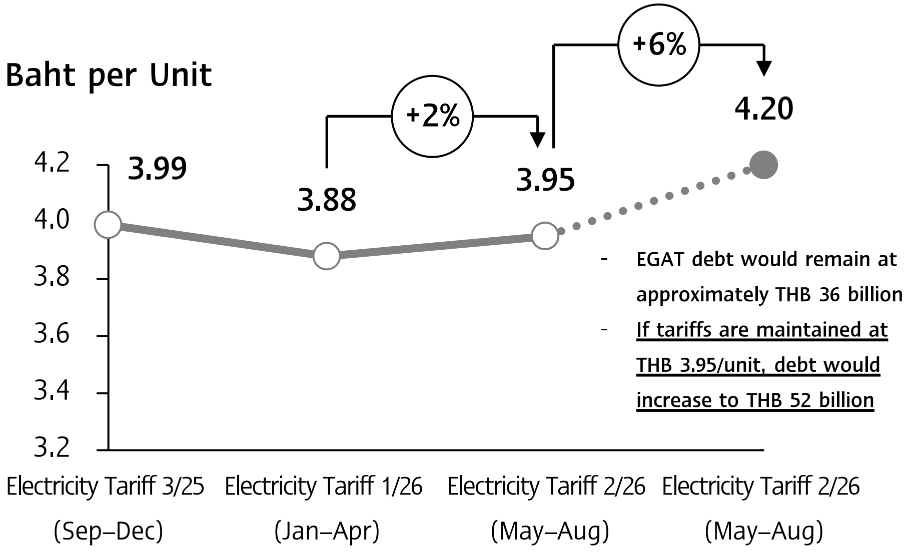
Japan-Korea Marker (JKM) LNG prices imported by Thailand for power generation

Unit: USD/MMBTU



Average imported LNG (JKM) prices in 2026 are projected at USD 15/MMBTU, declining from USD 18/MMBTU during March–June to around USD 14–16/MMBTU. Following the end of the Iran conflict and the gradual recovery of LNG shipments through the Strait of Hormuz, prices are expected to ease but remain above pre-conflict levels due to damage to portions of Qatar's LNG infrastructure, which may take years to restore.

Electricity tariffs are expected to increase due to rising gas costs



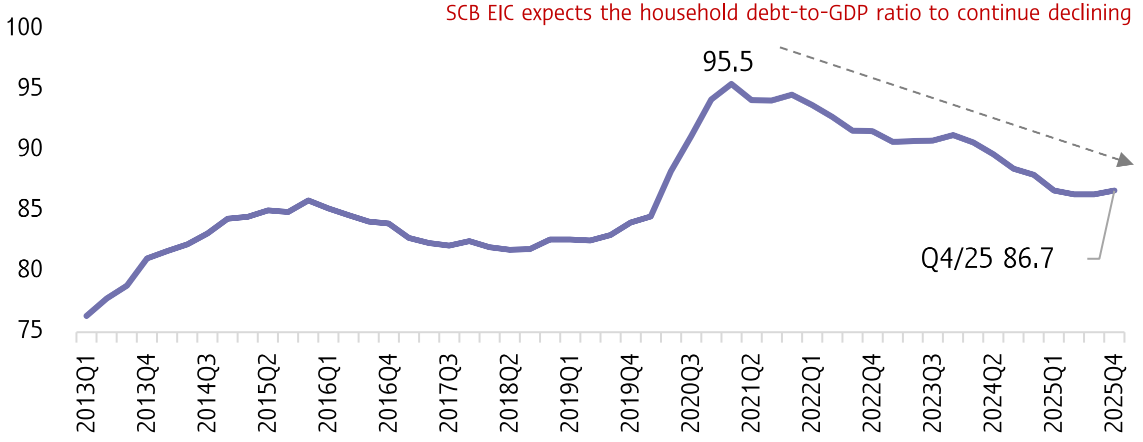
- **Electricity tariffs for May–August increased to THB 3.95/unit** due to higher LNG prices during the March–June conflict period. However, a THB 9.5 billion clawback from the power authority helped subsidize the Ft rate, limiting the increase from a potential THB 4.59/unit.
- **Electricity tariffs are expected to rise to THB 4.20/unit in September–December.** Although LNG prices have fallen from wartime levels, accumulated EGAT receivables (AF costs) of THB 35.9 billion remain a component of electricity costs.

Source: SCB EIC analysis based on data from the IEA, Bloomberg, and Goldman Sachs Research.

Thai households are undergoing debt deleveraging. Income declined for the first time in six years, prompting lower spending and more cautious borrowing.

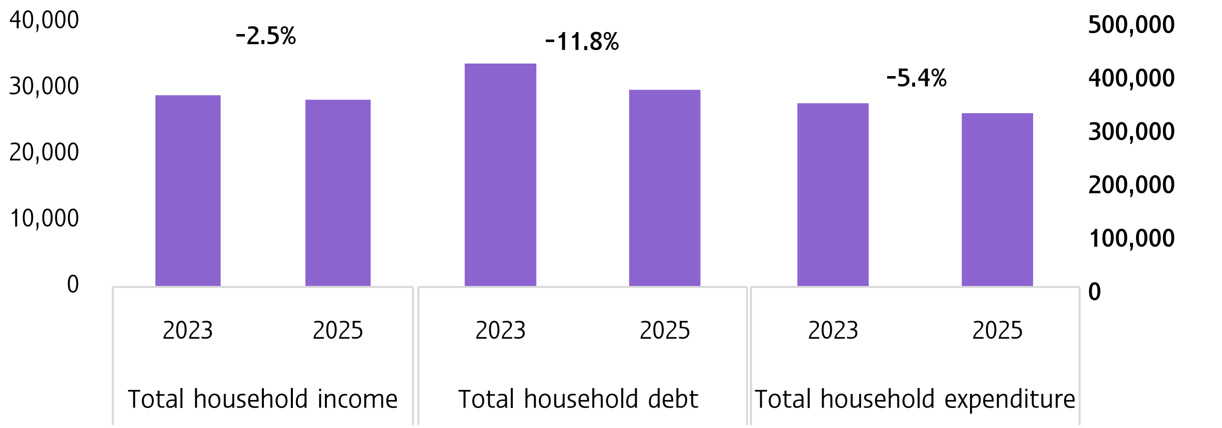
Thailand's household debt-to-GDP ratio remains high despite a continued decline

Unit: %, BOT



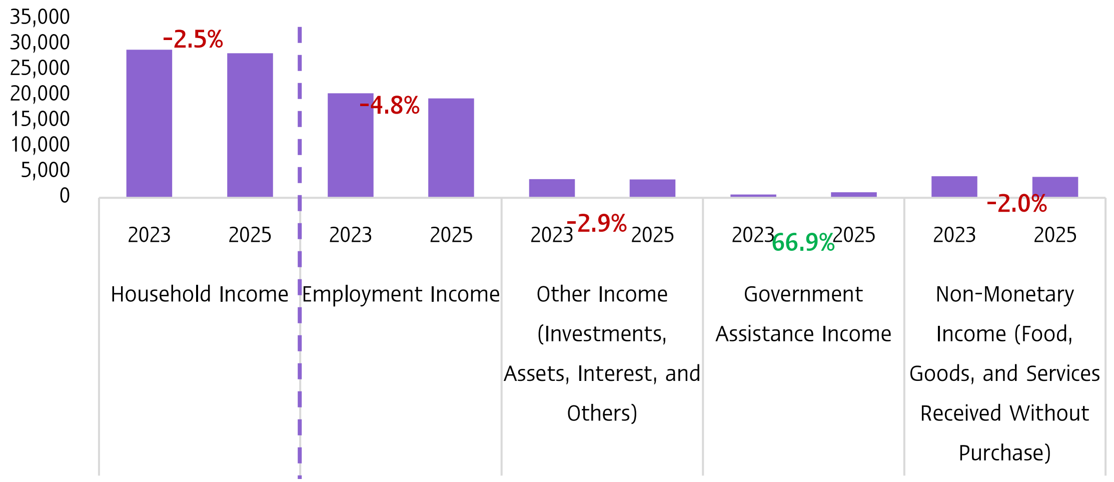
Declining household income and debt levels led households to reduce spending in 2025

Unit: Baht per household per month and household debt (Baht per household, RHS), based on National Statistical Office data



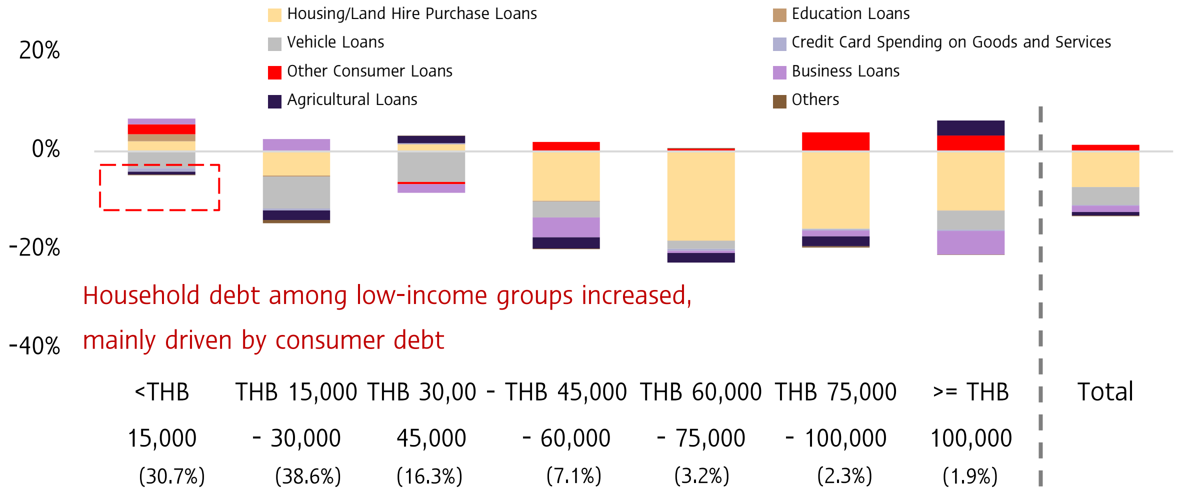
Household income declined across nearly all categories in 2025, with greater reliance on government assistance

Unit: Baht per household per month, based on National Statistical Office data



Contribution to Household Debt Growth in 2025 by Debt Type and Income Group

Unit: % Growth from 2023



Source: SCB EIC analysis based on data from the National Statistical Office (NSO).

A weakening labor market is likely to pressure labor income and future consumption.

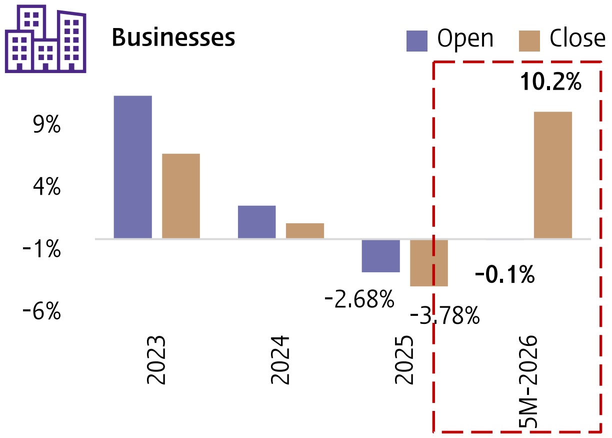
Thailand's labor market showed increasing signs of fragility in Q1/2026 (National Statistical Office)

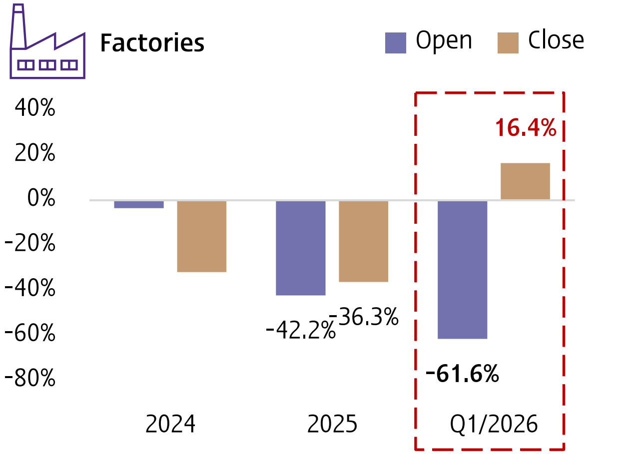
Thailand Labor Market Indicators	Unit	Q1/25	Q2/25	Q3/25	Q4/25	Q1/26 (Apr26)
Overall Unemployment Rate	% of Labor Force	0.89	0.91	0.76	0.7	0.94 (0.94)
Unemployment Rate among Section 33 Social Security Insured Workers.	% of Social Security-Covered Workers	1.88	2.07	1.99	1.78	2 (2.12)
Underemployment Rate (1)	% of Labor Force	1	0.67	0.2	0.3	0.83
Average Working Hours	Average per Week	40.8	42.7	43.1	42.9	40.9
Underemployed Workers (2)	%YOY	-7.9	-4	-25.7	-34.4	5.4
Average Overall Wage (Including Bonuses and Overtime Pay)	%YOY	-0.88	-1.95	-0.37	-0.10	-0.48
Average Formal-Sector Wage (Including Bonuses and Overtime Pay) [49.5%] (3)	%YOY	3.23	2.32	1.45	0.86	0.93
Average Self-Employed Wage (Including Bonuses and Overtime Pay) [33.4%] (4)	%YOY	-6.37	-7.82	-2.92	-1.52	-2.45

Note: (1) Underemployed persons are those working fewer than 10 hours per week (including those working zero hours per week) who wish to work more, as well as seasonal workers awaiting employment.
(2) Underemployed workers are those working fewer than 35 hours per week and seeking additional work.
(3) Formal-sector workers include private-sector employees, government employees, and state enterprise employees.
(4) Self-employed workers include own-account workers without employees and members of cooperatives or group enterprises.
(5) Formal-sector wages cover public- and private-sector employees, while self-employed wages cover own-account workers without employees and members of cooperatives or group enterprises. Both measures exclude employers and unpaid family workers.

New business and factory openings continued to decline, while closures accelerated significantly from the start of the year

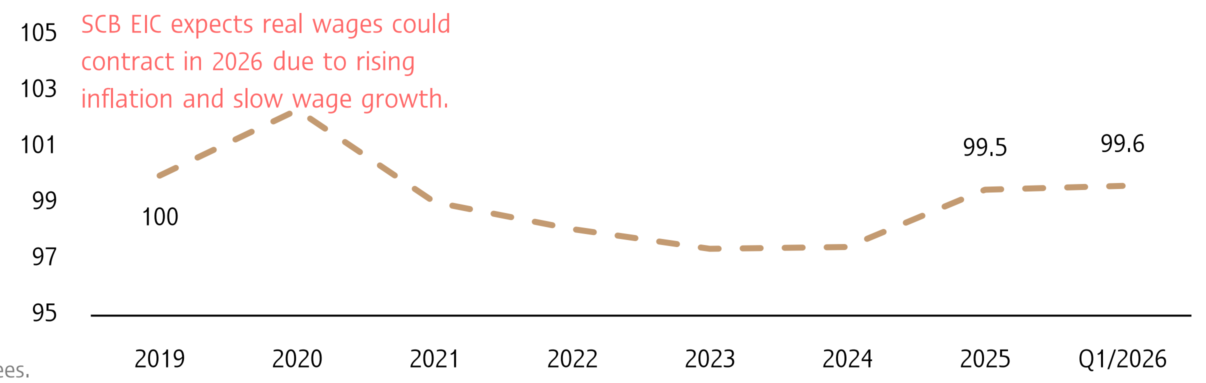
Unit: % YoY, based on data from the Department of Business Development and the Department of Industrial Works.





Real wages in the formal sector (including bonuses and overtime pay) remained below pre-COVID-19 levels in Q1/2026.

Unit: Index (2019=100), NSO



Source: SCB EIC analysis based on data from the National Statistical Office, Department of Business Development, Department of Industrial Works, and the Bank of Thailand.

Thailand's agricultural sector faces pressures from weather volatility, global competition, and rising production costs, leading to an expected decline in farm income this year.

Three Challenges Facing Thailand's Agricultural Sector, 2026–2027

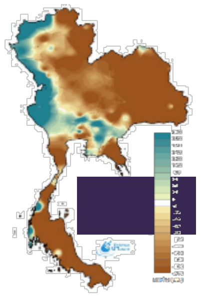
1 El Nino-induced drought is affecting agricultural output in vulnerable areas.

- El Nino is expected to reduce Thailand's rainfall this year to around 12% below the long-term average.
- **Thailand retains sufficient water resilience in the short term,** as usable water reserves remain above historical averages and early-season rainfall has helped support water availability.

High-risk areas

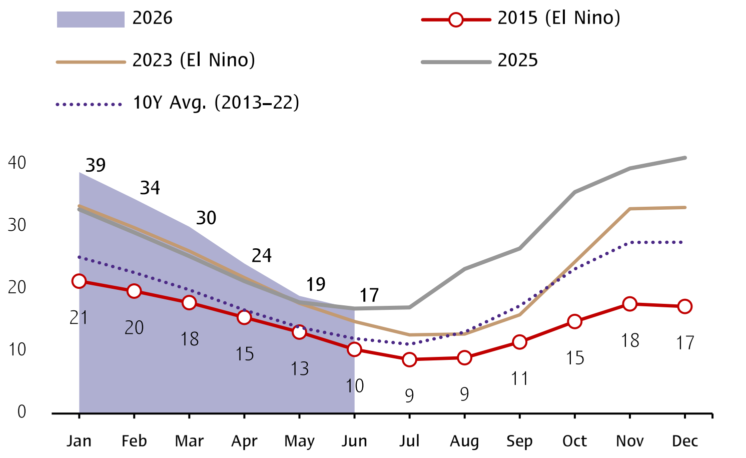
- **The lower Eastern region and parts of the South** due to low accumulated water reserves.
- **Agricultural areas outside irrigation zones,** particularly in the Northeast and North, remain vulnerable.

Diff. Between 2026 Rainfall Forecast and the 30-Year Average

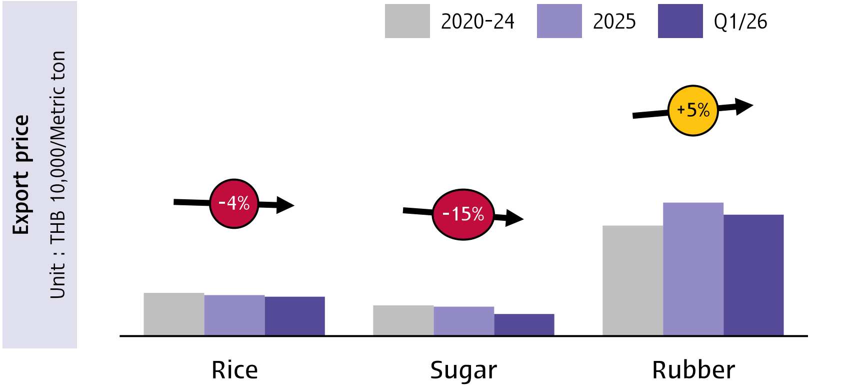


Usable Water Storage in Reservoirs Nationwide

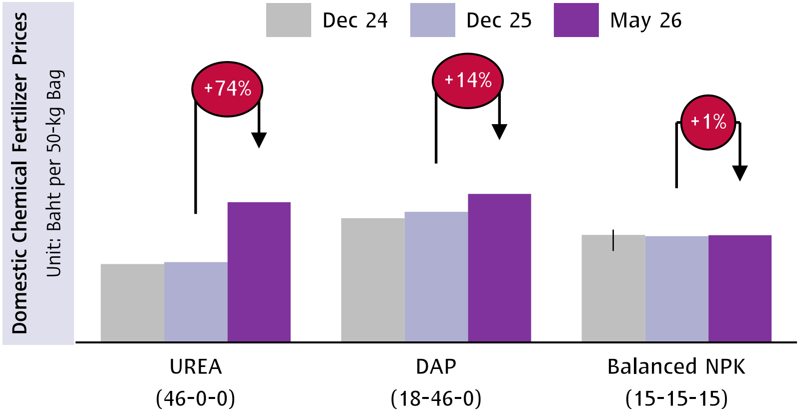
Unit: Million Cubic Meters (as of the 1st of each month)



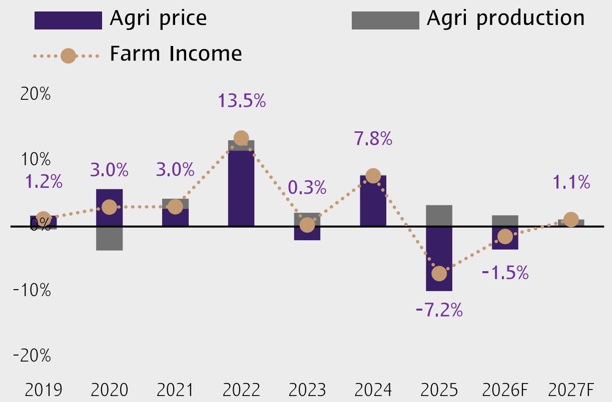
2 Agricultural prices are under pressure from excess global supply



3 Production costs are rising due to volatile fertilizer prices



Forecast of Farm Income, Agricultural Output, and Prices



Growth	2020-24	2025	Jan-Apr 26	2026F	2027F
Farm income	-2.1%	-7.2%	-4.0%	-1.5%	+1.1%
• Price	-2.7%	-9.8%	-5.7%	-3.5%	0.0%
• Quantity	-2.5%	+3.3%	+2.1%	+1.7%	+1.1%

Additional Issues to Monitor

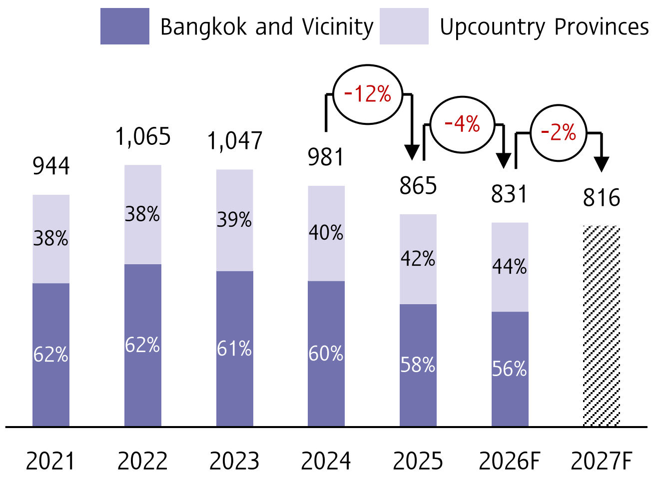
- **The severity and duration of El Nino,** which may extend into the 2027 planting season.
- **Global fertilizer market conditions** and conflicts in the Middle East
- **Government support measures for agriculture,** including water management, production costs, and income insurance.

Source: SCB EIC analysis based on data from the Office of Agricultural Economics, Ministry of Commerce, Customs Department, Bank of Thailand, Bloomberg, and the World Bank.

The housing market is expected to continue contracting in 2026–2027 and recover gradually over the medium term. New mortgage lending is likely to decline in line with weak market conditions, while growth in refinance loans will provide partial support.

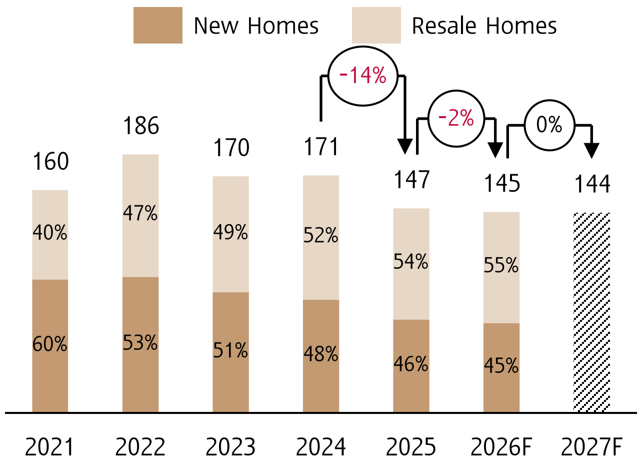
Nationwide Residential Transfer Value

Unit: THB Billion



Residential Transfer Units in Bangkok and Vicinity

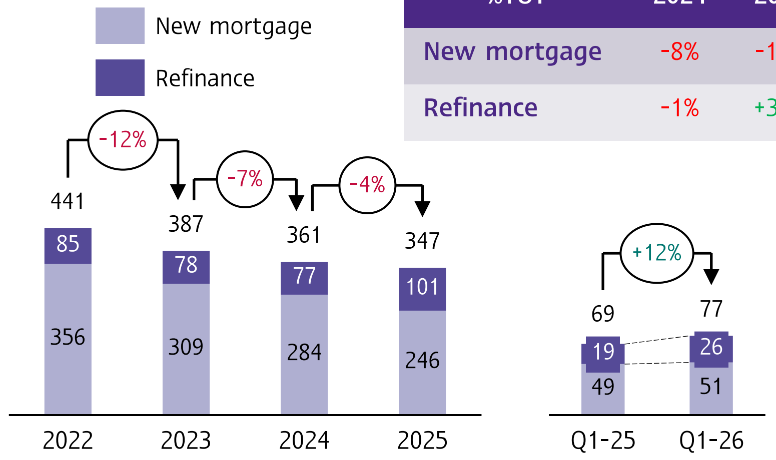
Unit: Thousand Units



New Mortgage Lending by Commercial Banks

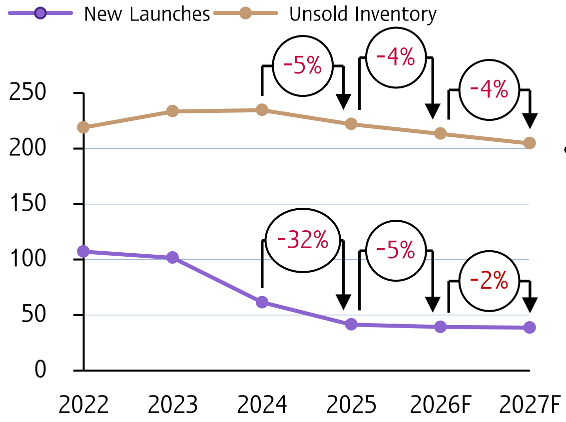
Unit: THB Billion

%YOY	2024	2025	Q1-26
New mortgage	-8%	-13%	+3%
Refinance	-1%	+31%	+34%



New Housing Launches and Unsold Inventory in Bangkok and Vicinity

Unit: Thousand Units



- **New housing launches are expected to decline in 2026.** Weak demand and elevated construction material costs are causing project launches to be postponed.
- **Unsold inventory is expected to remain elevated in 2026.** Assuming no additional new launches and average annual sales of around 52,000 units during 2024–2026, inventory clearance would take more than four years, compared with about two years historically.

The housing market is expected to continue contracting in 2026 and 2027

- ⊖ **Weak purchasing power** and tighter lending standards.
- ⊖ **Economic uncertainty** in both Thailand and globally is causing high-income buyers and some foreign purchasers to delay purchases.
- ⊕ **The extension of LTV easing measures until June 2027** supports financially ready buyers but has provided limited market stimulus.

Resale housing transfers in 2026 are expected to remain stable or decline less than new housing transfers. Lower prices than new homes and rising resale housing supply are limiting price increases.

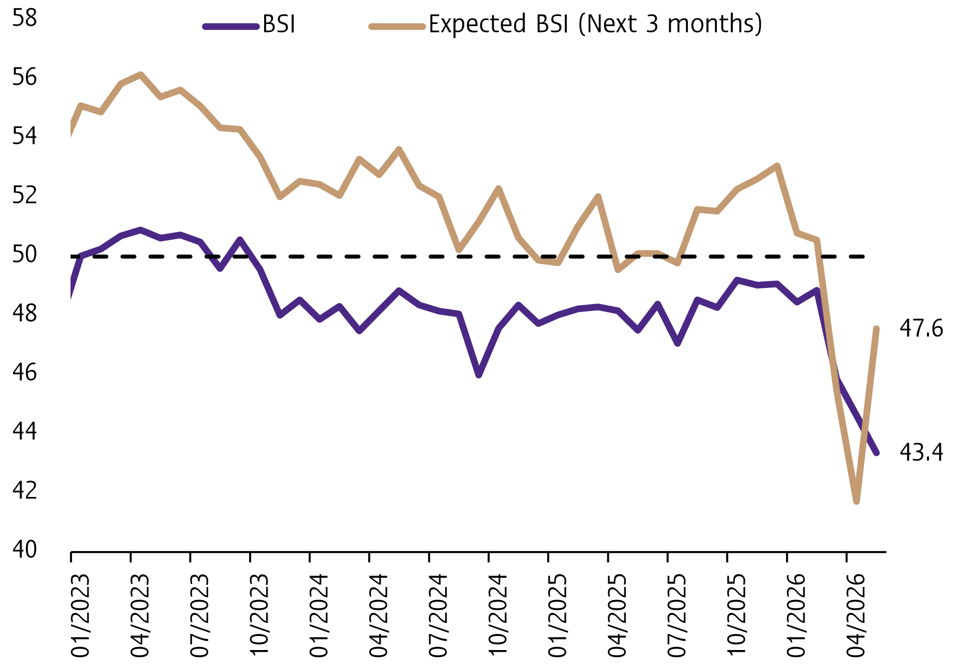
The housing market is expected to recover slowly over the medium term. Due to slow recovery in purchasing power and structural factors, including a shrinking working-age population, an aging society, and younger generations' preference for renting over homeownership.

Source: SCB EIC analysis based on data from REIC, AREA, and the Bank of Thailand.

Businesses are increasingly concerned about the Middle East situation, further deteriorate already low confidence levels. Sentiment has deteriorated across most areas, particularly due to rising cost concerns.

Business sentiment declined sharply, but expectations started to improve

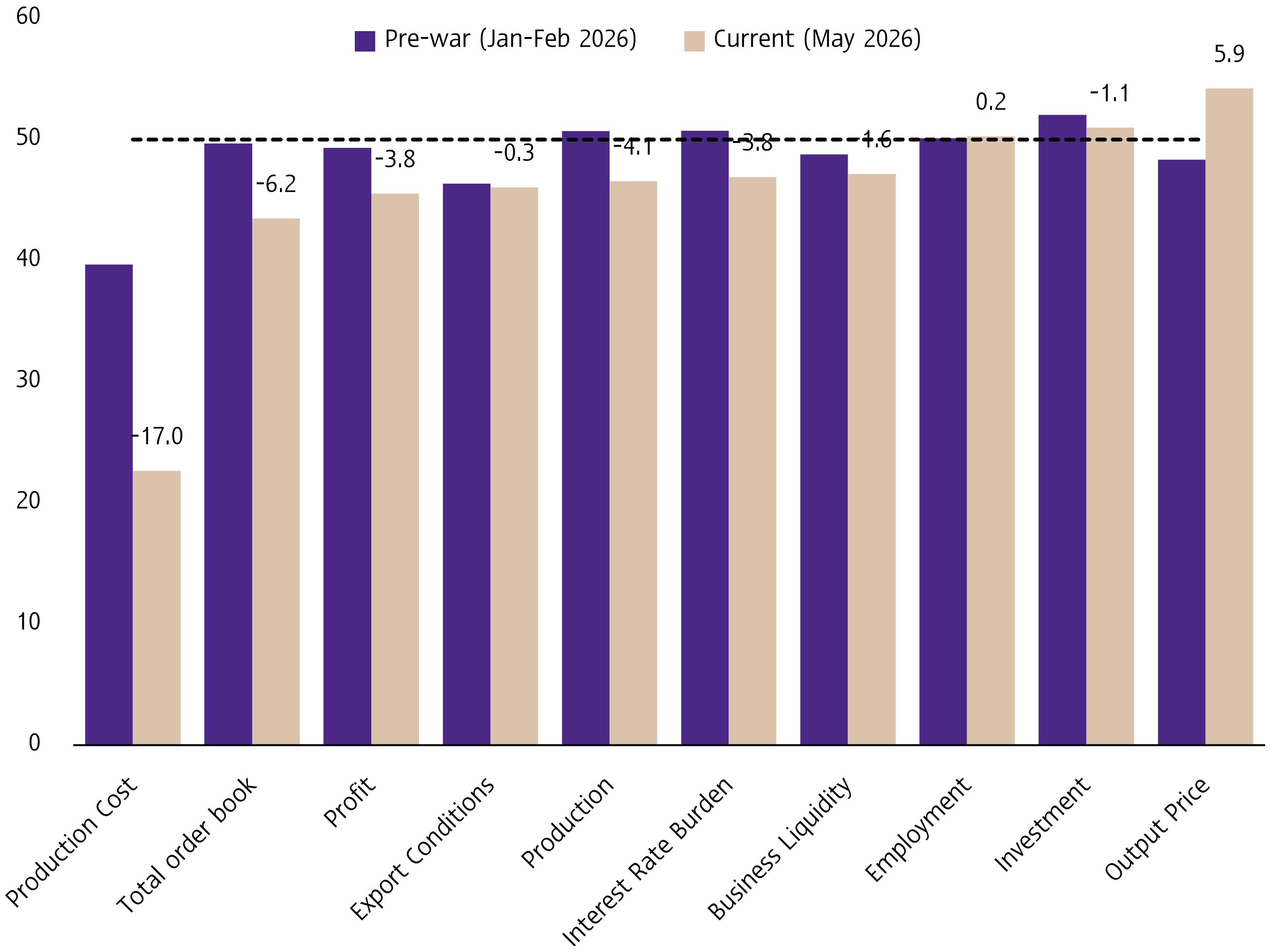
Unit: Index; >50 indicates improving confidence (BOT)



- **Rising production costs, coupled with limited pricing power, are a key challenge for businesses,** affecting profitability and operations.
- **However, business expectations for the next three months have improved,** supported by government measures, particularly the THB 400 billion emergency decree, which is expected to help sustain purchasing power.

Business sentiment weakened across almost all categories, particularly higher production costs

Unit: Index; >50 indicates improving confidence

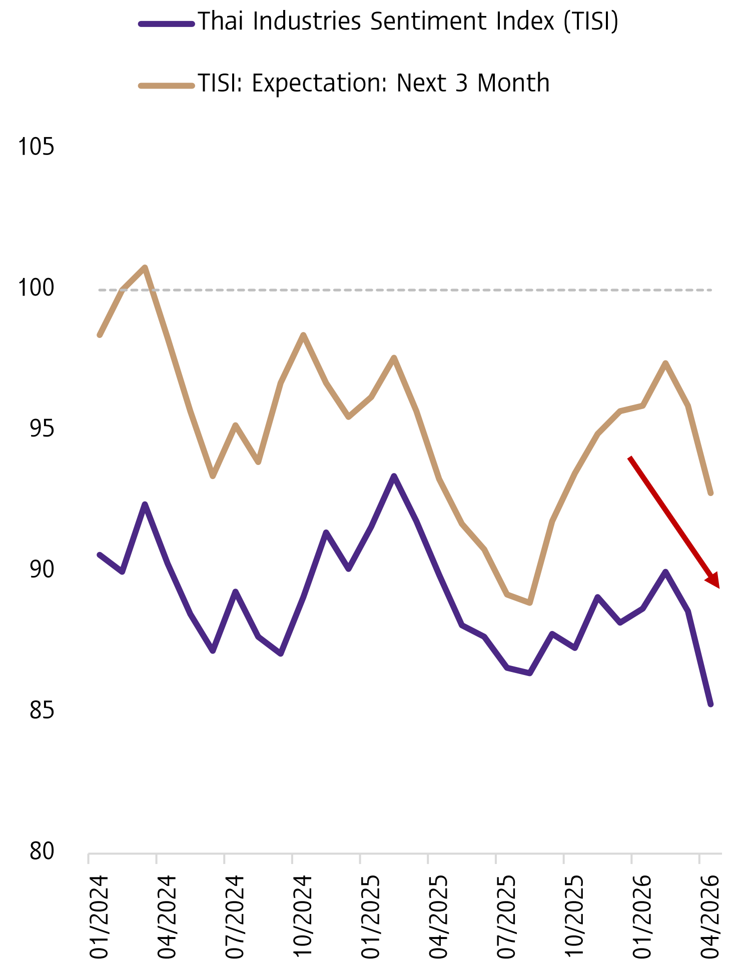


Source: SCB EIC analysis based on Bank of Thailand data.

Industrial sentiment has continued to weaken, reflecting softness in the manufacturing. However, sentiment remains positive in large firms and the electronics sector, consistent with investment and export trends.

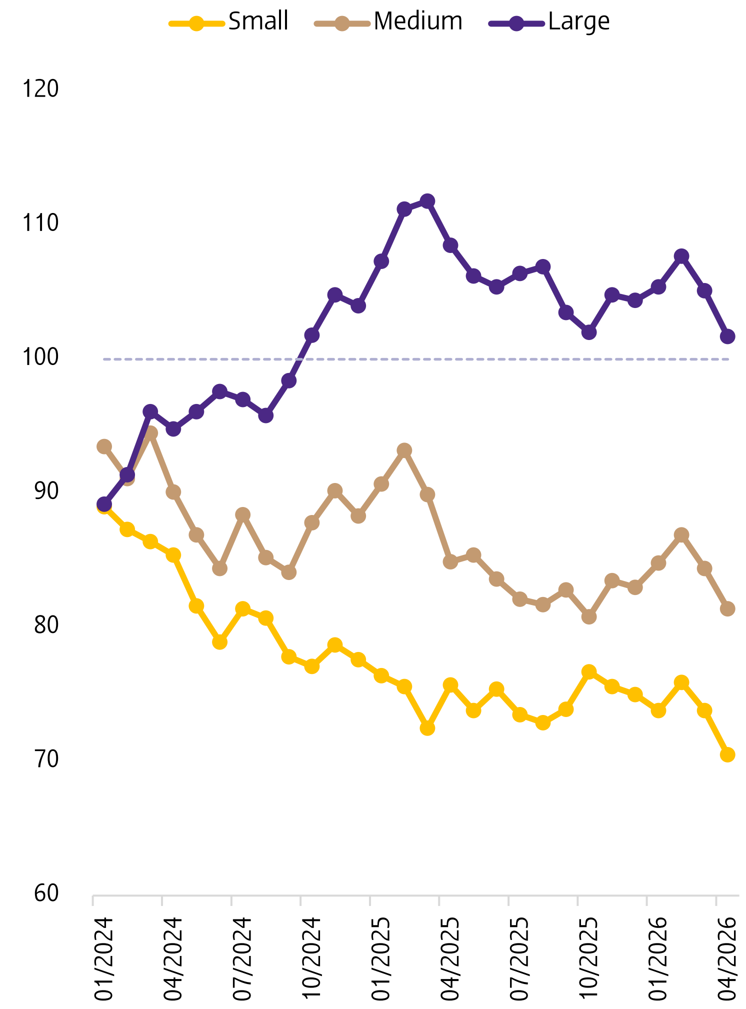
Overall Industrial Sentiment Index Continued to Deteriorate

Unit: Index; >100 Indicates Positive Sentiment (FTI)



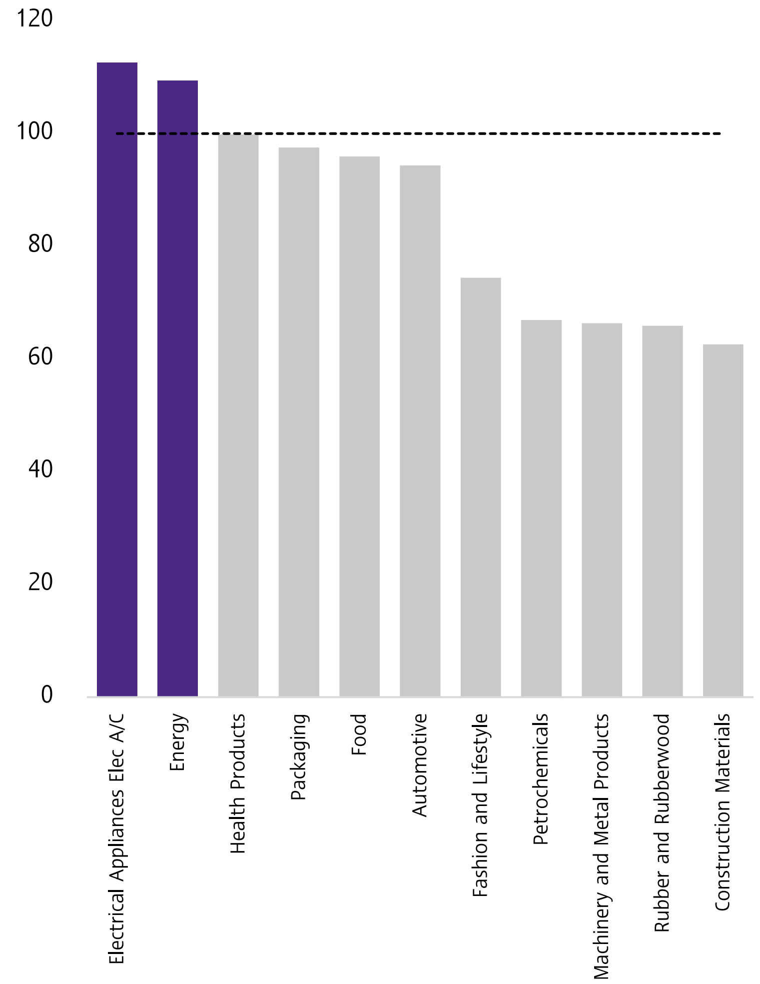
Sentiment Among Large Businesses Improved

Unit: Index; >100 Indicates Positive Sentiment



Sentiment in the Electronics Industry Improved, Consistent with Investment and Export Trends

Unit: Index; >100 Indicates Positive Sentiment (FTI)



Source: SCB EIC analysis based on data from the Federation of Thai Industries (FTI).

Tight financial conditions; MPC to hold rates through year-end.

Credit growth has partly resumed among large firms, while financial conditions remain tight for households and SMEs.

Financial conditions remain tight for retail borrowers and SMEs. Financial measures to assist borrowers and improve SME credit access will play a greater role in easing firms' liquidity risks.

SCB EIC expects the MPC to hold the policy rate at 1.0% throughout 2026. Inflation will rise due to supply-side factors before returning to the 1–3% target range after energy prices decline.

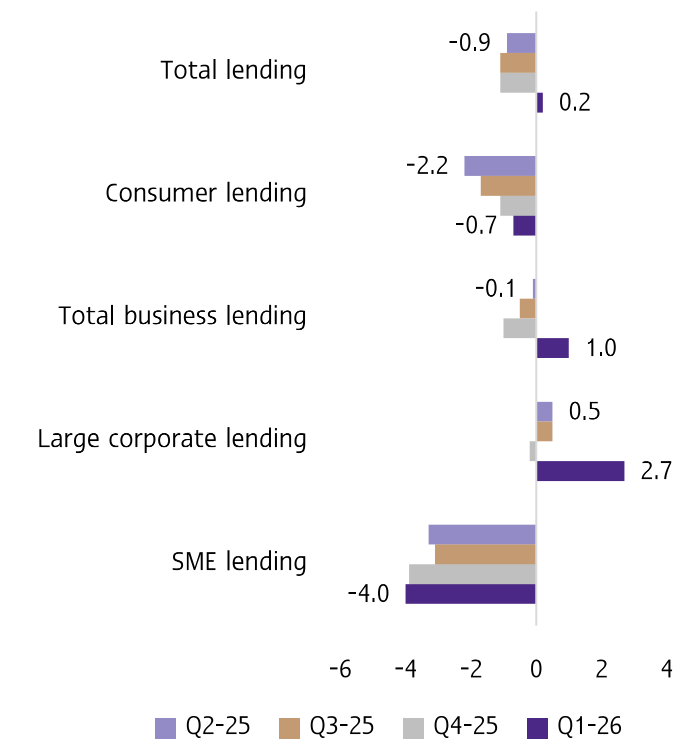
Financial conditions remain tight, particularly for households and SMEs.

Private credit growth has resumed modestly, driven by large firms, while vulnerable households and SMEs continue to face tight financial conditions.

SME lending contracted further

Commercial bank lending (including subsidiaries)

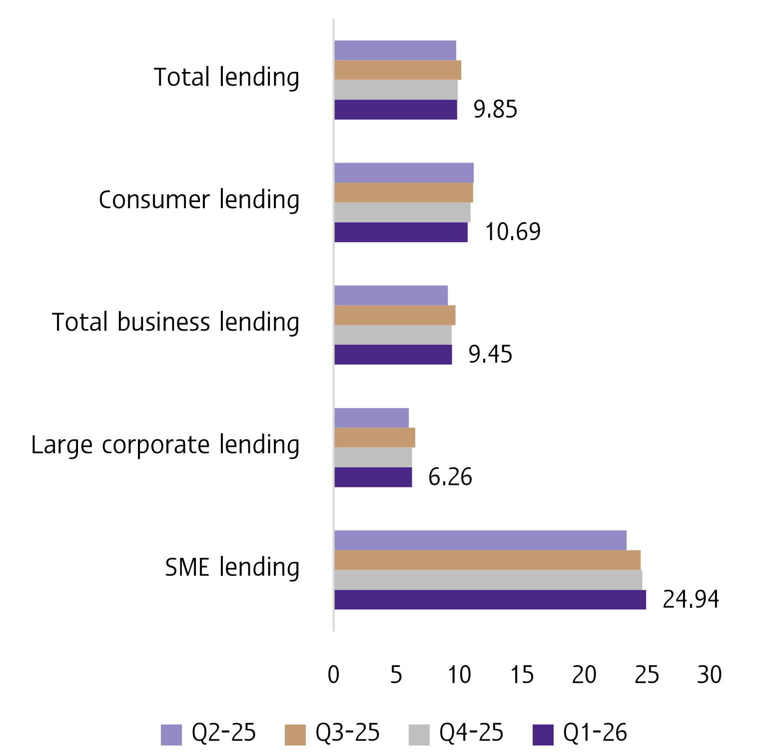
Unit: %YOY



Nearly one-fourth of SME loans are classified as Stage 2–3

Share of Stage 2 and Stage 3 loans in commercial bank lending (including subsidiaries)

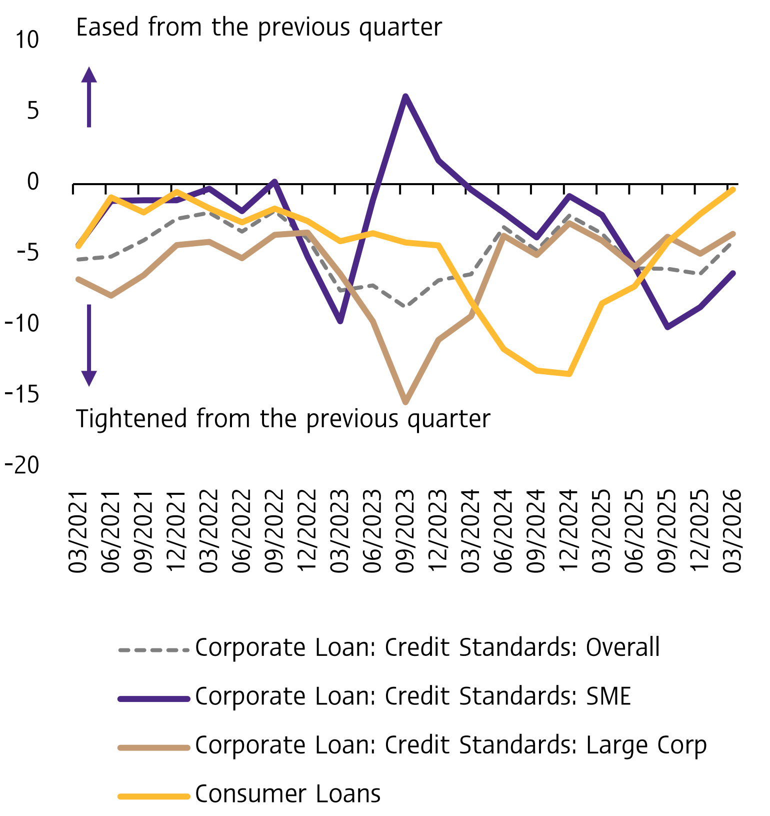
Unit: %



Banks' lending standards remain tight

Commercial banks' lending standards

Unit: Diffusion Index, 4QMA



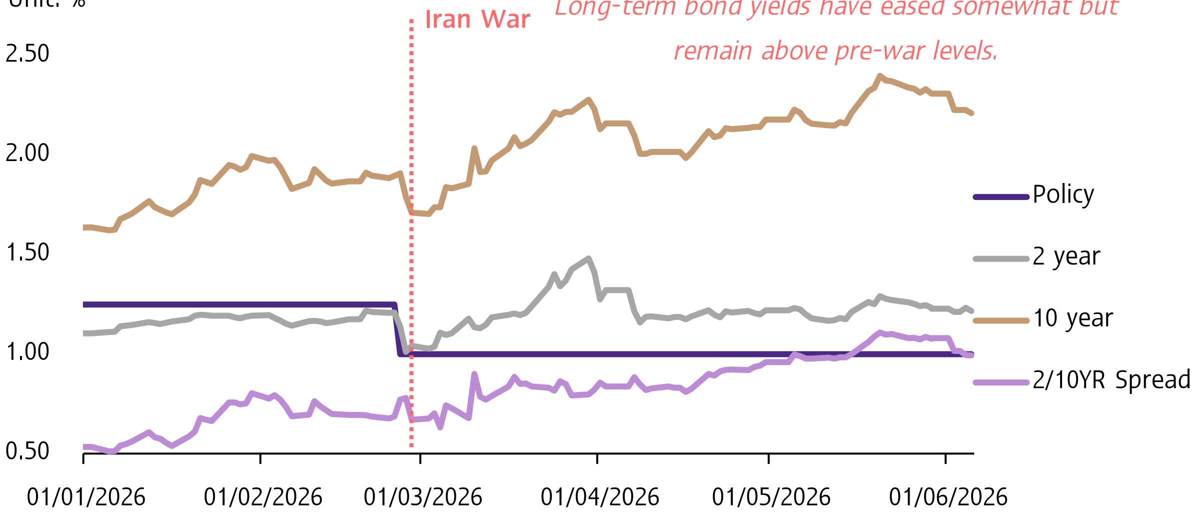
Note: Lending standards are calculated from Bank of Thailand's Credit Conditions Report

Source: SCB EIC analysis based on data from BOT, CEIC, and Bloomberg.

Risks in Thailand's bond market persist, although long-term Thai government bond yields may ease post-war. Meanwhile, lower-rated firms continue facing higher funding costs.

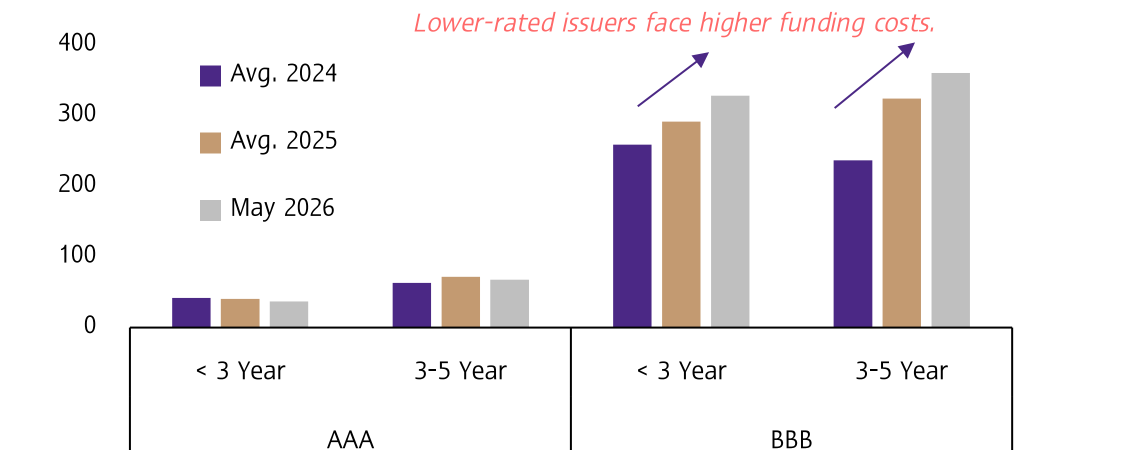
Thai government bond yields

Unit: %



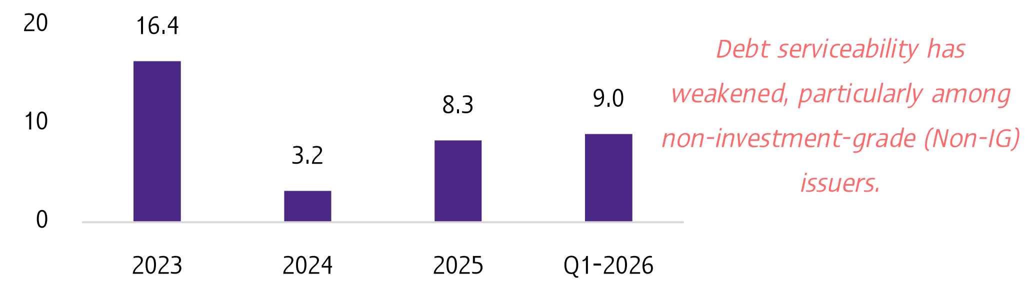
Credit spreads of Thai corporate bonds

Unit: bps



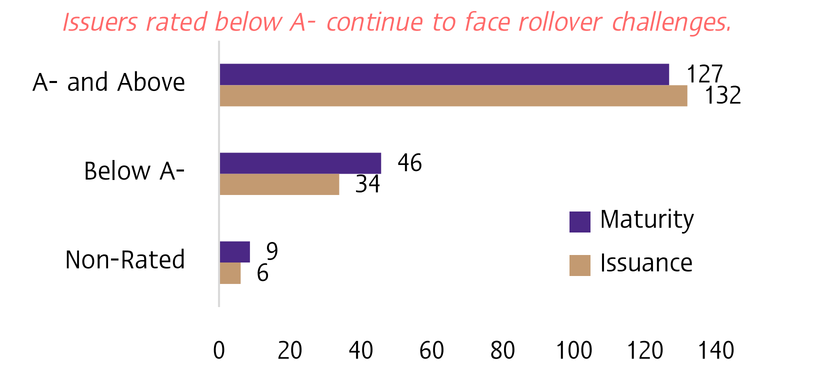
Value of defaulted corporate bonds

Unit: THB bn



New corporate bond issuance and maturities through Q1/2026, by credit rating

Unit: THB bn



Rollover Rate

	1Q/26	2025
A- and Above	104%	109%
Below A-	74%	82%
Non-Rated	70%	77%

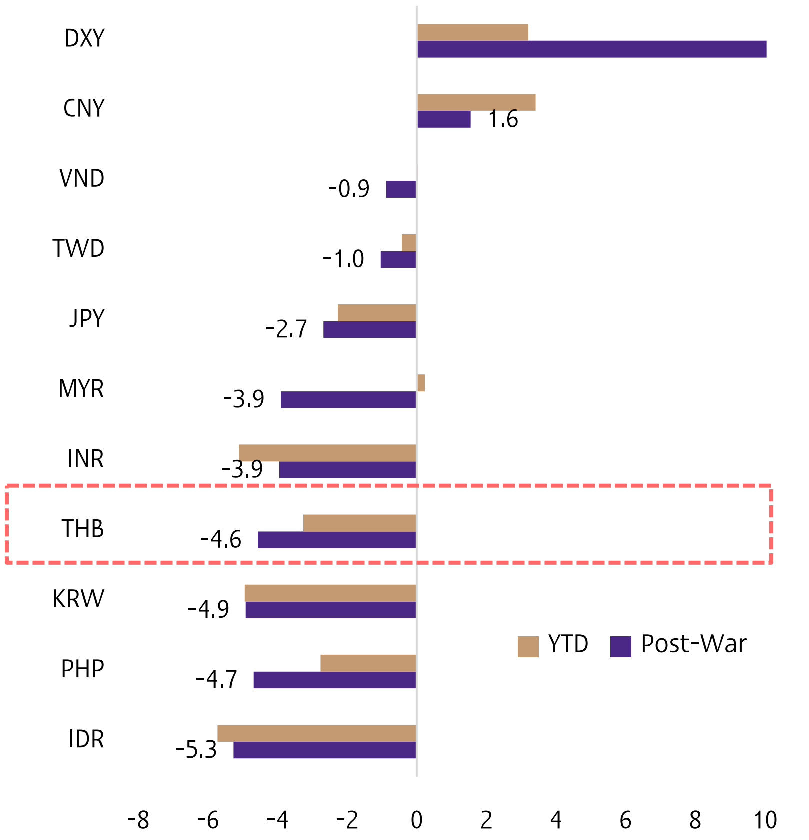
Source: SCB EIC analysis based on data from BOT, ThaiBMA, and Bloomberg.

Thai financial markets have gradually recovered as U.S.-Iran tensions improved. Thailand's external stability remains sound, and currency crises elsewhere have so far shown limited spillover

The baht depreciated in line with regional currencies and has recently stabilized within the THB 32–34/USD range.

Change in regional currencies

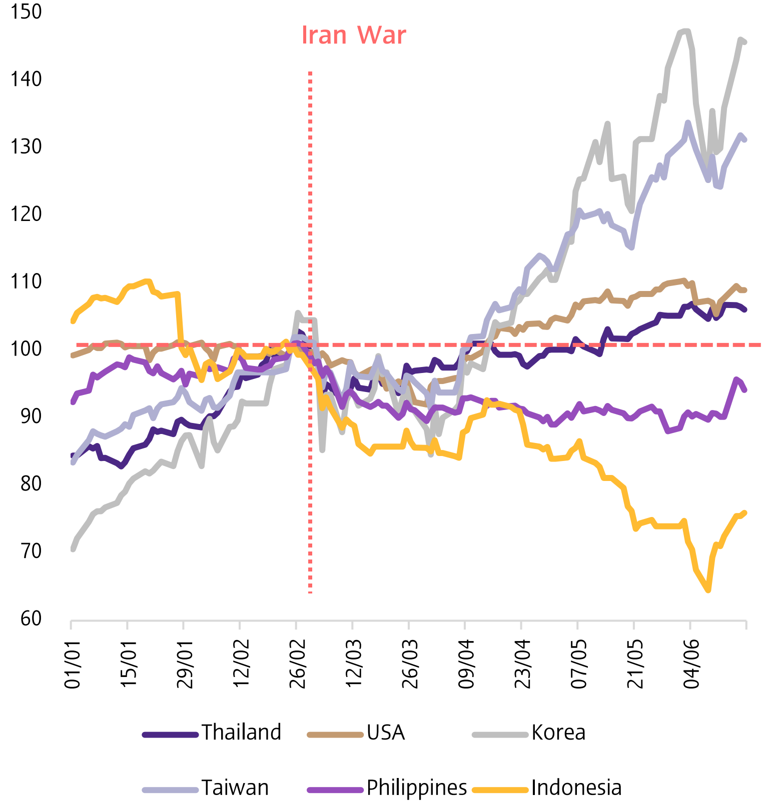
Unit: % (as of 12 Jun 2026)



The Thai stock market has recovered to above its level at the onset of the war.

Regional stock indices

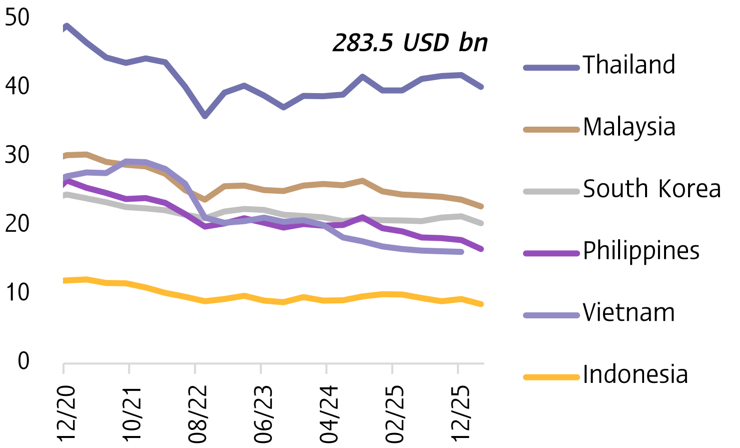
Unit: Index Pre-war (27 Feb) = 100 (as of 12 Jun 2026)



Thailand's external stability remains sound, supported by high international reserves.

Gross International Reserves

Unit: %Nominal GDP



Philippines: Currency led regional depreciation, while the stock market remained subdued amid the energy crisis and political uncertainty.

Indonesia: Currency depreciated rapidly, while the stock market fell sharply amid a confidence crisis, driven by governance concerns at some listed firms, government efforts to control key commodity exports, and increased use of populist policies.

Source: SCB EIC analysis based on data from Bloomberg and BOT.

The MPC is likely to hold the rate throughout this year with room for easing next year, as inflation stays supply-driven, while the economy remains fragile and credit quality likely deteriorates

The MPC does not need to raise the policy rate this year and may consider some monetary easing next year.

- **Inflationary pressure is supply-driven,** while monetary policy mainly addresses demand-side inflationary pressure.
- **The baht remains stable, supported by high international reserves,** reducing the need for the MPC to raise the policy rate to counter capital outflows.
- **The economy remains fragile, while borrowers' debt serviceability is weak.** A rate hike could increase risks and further weigh on distressed borrowers.

The BOT is likely to rely more on targeted financial measures to support retail borrowers and SMEs.

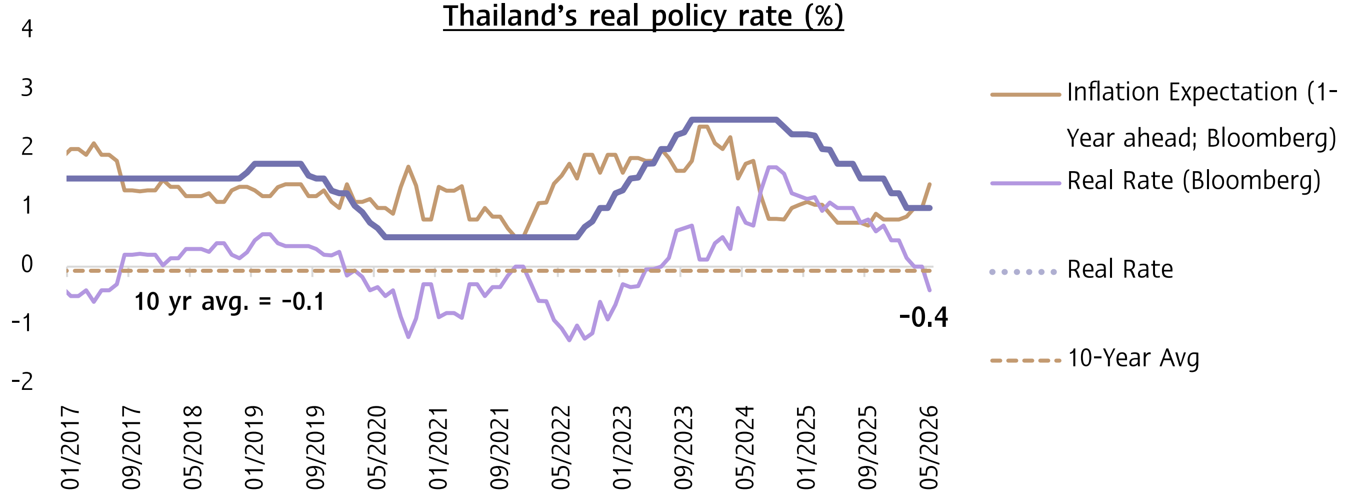
Existing debt / Retail borrowers

- **"You Fight, We Help" – Close Debt Faster, Move Forward:** Reduce debt payment per installment / Close retail NPL accounts

SME credit access

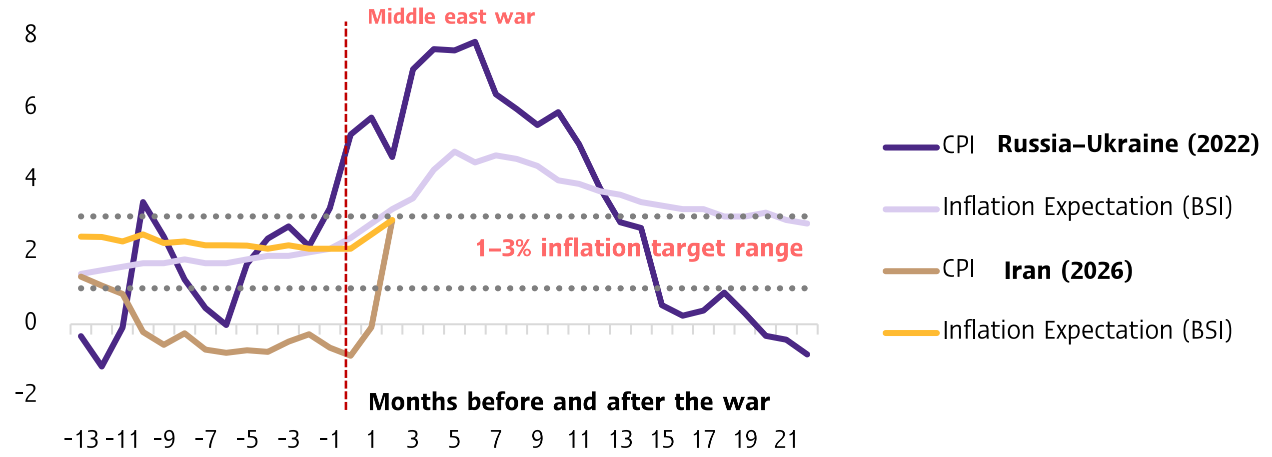
- **SMEs Credit Boost:** A guarantee mechanism to help viable SMEs and those affected by the Middle East war gain greater access to credit.
- **SMEs Secure+:** Temporary easing of loan assessment criteria by considering land collateral, with **a product program to be launched by June 2026.**

Thailand's real policy rate (%)



Headline inflation and inflation expectations (BOT BSI)

Unit: %



Note: Inflation expectations based on Bloomberg Median (2016–present); prior to 2016, actual one-year-ahead inflation data was used.
Source: SCB EIC analysis based on data from BOT, BIS, and Bloomberg.

War eases … But business volatility persists

Although the war has eased, businesses still face volatility and a fragile recovery.

The business sector must continue to cope with multiple pressures, including high costs, supply chain risks, and an uneven recovery in demand.

The transition to the digital era is reshaping the competitive landscape and putting pressure on businesses to accelerate adaptation in order to sustain growth.

The overall business sector is likely to slow, particularly among groups affected by the Middle East war. Other risks also warrant close monitoring, including volatility in global trade, increasingly fragile purchasing power, drought, and the acceleration of the energy transition.

Business Conditions Outlook and Key Issues to Monitor in the Period Ahead

Risks
- Energy & Geopolitical shock
- Demand slowdown
- Supply chain tightening/Shortage
- Regulatory / Trade barrier
- Climate risks (Super El Nino)
- Policy uncertainties
- Intensifying competition & Global overcapacity

Opportunities
- AI / Automation driving productivity
- Supply chain relocation to ASEAN
- Green / Energy transition demand
- Consumer behavioral changes

	Infrastructure Business	Manufacturing Business	Construction and Real Estate Business	Services and Trade Business
Businesses with Growth Prospects	• Power (RE: Solar rooftop, Solar farm + BESS, Wind) • Data center • Smart & Eco Industrial Estate	• Consumer electronics/HDD • Electronic component • Power electronics • Auto (xEV) • Packaged foods • Organic fruits • Chicken • Non-alcoholic drinks • E&P • Biodiesel • Specialty Petrochemical for AI/EV material		• W&R (Grocery) • Warehouse • Wellness (Preventive care, Beauty, Tourism)
Businesses Likely to Slow Down	• Power (Natural gas & Coal) • Non-EEC conventional industrial estates • Telecom	• Home appliances • Auto (ICE) • Textiles • Canned fruits • Seafood; esp. canned tuna • Fishmeal, fish oil • Alcoholic drinks • Refinery • Commodity Petrochemical (PE/PP) • Consumer plastics	• Commercial RE • Construction	• W&R (Non-grocery) • Hotel, Airline • Hospital • Trucking, 3rd logistics
Businesses Likely to Contract		• Agri products • Steel manufacturer	• Residential RE	

Source: SCB EIC analysis.

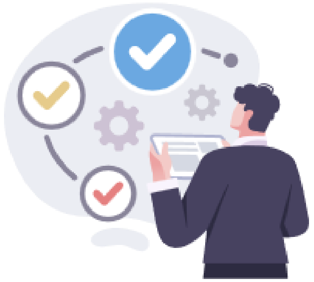
After the Middle East war eased, the business sector still has to cope with **costs that remain elevated, supply chain risks, and demand that remains fragile and unevenly recovering. At the same time, businesses must compete in a global environment where countries are accelerating the use of technology to enhance efficiency.**

Key Issues Businesses Must Prepare for After the Middle East War Eases

Cost Pressures

- **Although energy prices are likely to decline, they have not returned to their previous lows.** The geopolitical risk premium has become part of the cost structure, keeping business costs elevated and weighing on margins.

Supply Chain Uncertainty



- **Supply chain disruption risks remain,** meaning production must focus not only on cost efficiency but also on flexibility and resilience, including maintaining safety stock and diversifying raw material sources.
- **Monitor investment in production relocation** to lower-risk locations, with a tendency toward increased investment within the region.

Evolving & Fragmented Demand

- **Demand for goods and services remains unevenly recovered.**
- **Consumers are increasingly fragile** and sensitive to uncertainty.
- **Demand recovery** is linked to changing directions in supply chains and global trade.

Accelerating AI & Tech Adoption

- **The adoption of AI and automation** is accelerating to enhance efficiency, reduce costs, and improve customer engagement.
- **AI plays a role in developing data infrastructure** and risk management capabilities in the business sector.

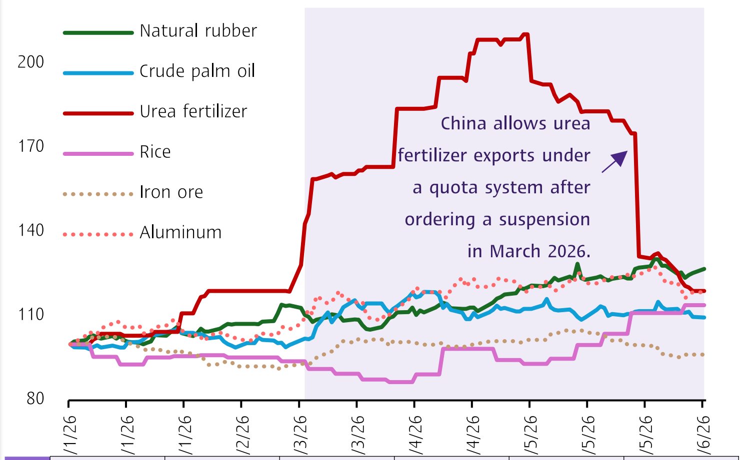
Business costs are gradually declining, but are expected to remain elevated for some time.

Meanwhile, supply chain risks are showing signs of easing, with only chemical fertilizers remaining highly constrained due to the effects of earlier stockpiling.

Business Cost Indicators

Global Commodity Price Index

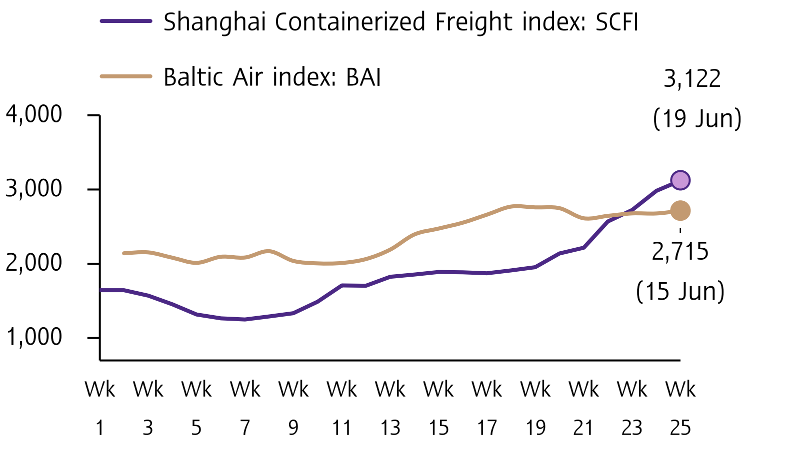
Unit: Index Jan 2026 = 100



%YTD	Natural rubber	Palm oil	Urea fertilizer	Rice	Iron ore	Aluminum
	27%	10%	19%	14%	-4%	19%

Container freight rates (SCFI) and air freight rates (BAI)

Unit: points



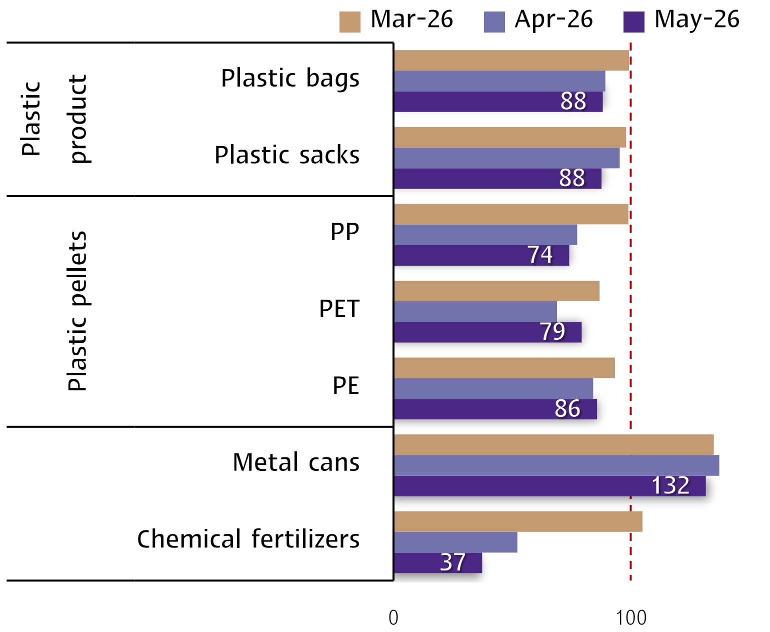
%YTD	SCFI	BAI
	88%	9%

%YoY	SCFI	BAI
	12%	11%

Supply Chain Indicators

Inventory Index Relative to Historical Average

Unit: Index Average 2021 – 2025 = 100



Latest situation and outlook in the period ahead

- **Commodity prices are gradually declining, but many categories are likely to remain higher than the pre-Middle East war period** due to:
  1) High production costs
  2) Supply chain tightness that has not yet returned to normal
- **Chemical fertilizer prices in Thailand are likely to decline more slowly than global fertilizer input prices,** as they reflect fertilizer inventory costs accumulated during the period of rising prices. As a result, prices are expected to remain elevated before gradually declining in Q4/2026.

- **Sea container freight rates remain elevated** due to strong shipping demand following an earlier-than-usual peak season. However, rates are expected to gradually ease as geopolitical tensions subside, reducing war risk premiums and bunker fuel surcharges.
- **Air freight rates are expected to decline in line with jet fuel prices**, which have gradually fallen after more than doubling in April. In addition, cargo flights from the Middle East have continued to recover.

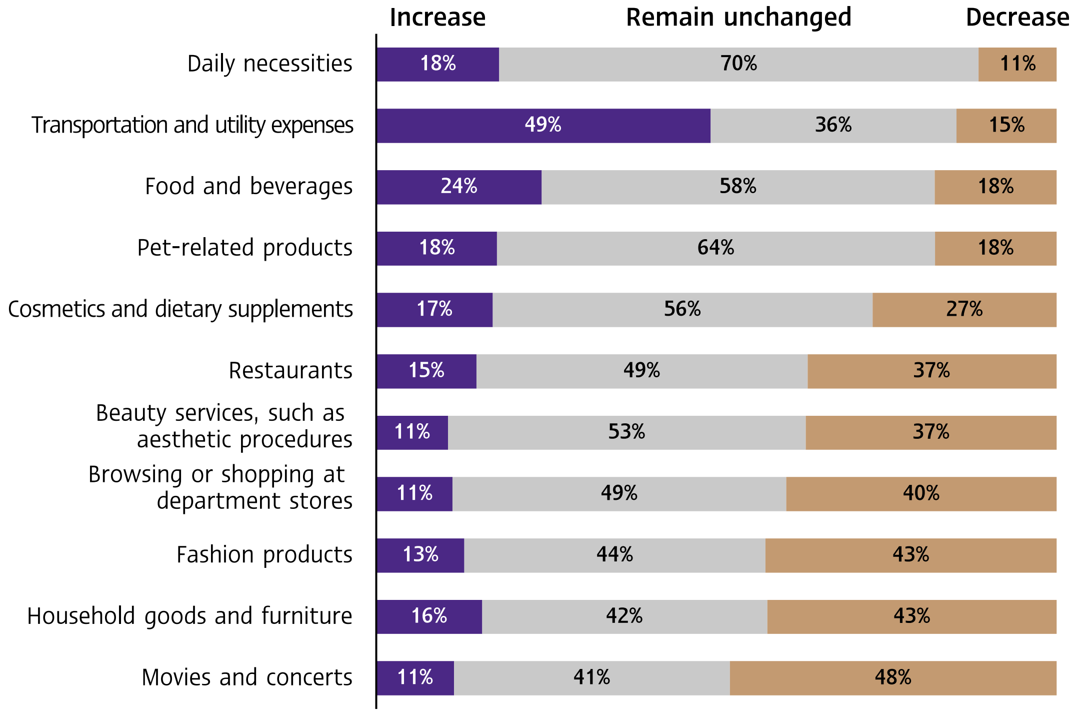
- **Inventories of plastic pellets and plastic products are slightly below their historical average,** while raw material procurement conditions have begun to improve and raw material prices, which rose sharply during the war, have started to gradually decline.
- **Chemical fertilizer inventories remain severely tight, while some supply is still held by distributors** due to accelerated purchases and stockpiling in the previous period.

Source: SCB EIC analysis based on data from Bloomberg, CEIC, the Office of Industrial Economics, and the Thai National Shippers' Council.

The business sector continues to face challenges from demand for goods and services that is likely to recover unevenly, as most consumers remain concerned about rising living costs. This has led them to reduce non-essential spending, while some have postponed purchases of high-value goods.

Trends in Thai Consumer Spending Patterns Over the Next 12 Months

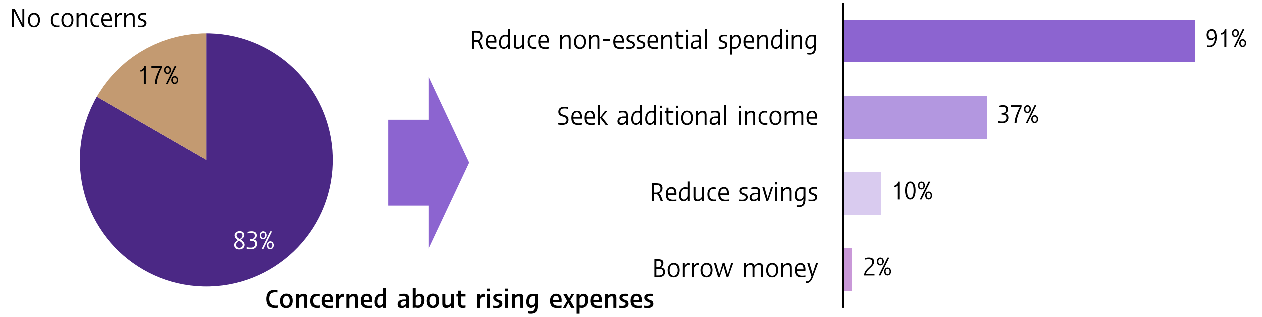
Unit: % of total respondents



- **Most consumers continue to maintain their spending on essential goods and services at the same level.**
- **The rising trend in spending on transportation and utilities** reflects pressure from higher energy costs that consumers inevitably have to bear.
- **Spending on non-essential goods and services,** such as fashion products, household goods, beauty-related expenses, and various recreational activities, is likely to decline in the period ahead, reflecting still-fragile purchasing power and a slow recovery in confidence.

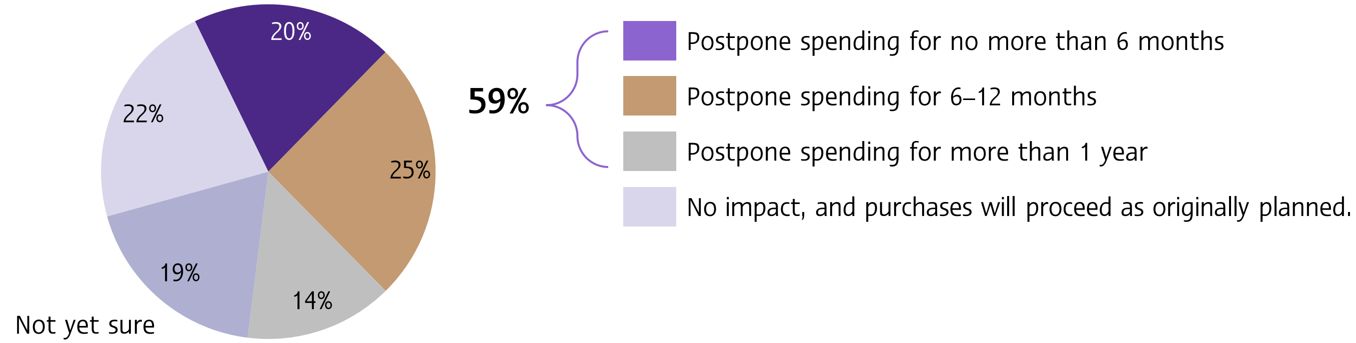
Most consumers are concerned about rising goods prices and living costs, and will reduce non-essential spending.

Unit: % of total respondents



The impact of rising goods prices and living costs has led most consumers to postpone purchases of high-value goods, such as cars and furniture.

Unit: % of total respondents

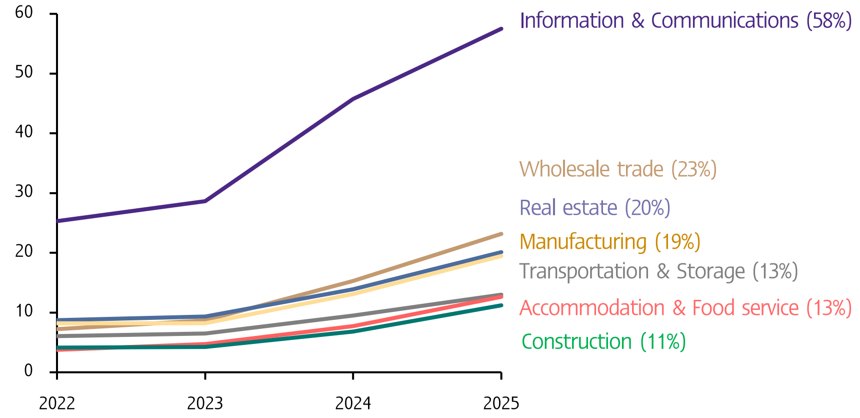


Source: SCB EIC analysis based on the SCB EIC Consumer Survey, "สำรวจกระเป๋าตังค์คนไทย ยังช้อปไหวอยู่ไหม" (conducted during 20 May–10 June 2026, with 2,470 respondents).

Businesses worldwide are accelerating AI adoption to enhance operational efficiency, improve customer experience, strengthen competitiveness amid economic uncertainty and rising cost pressures.

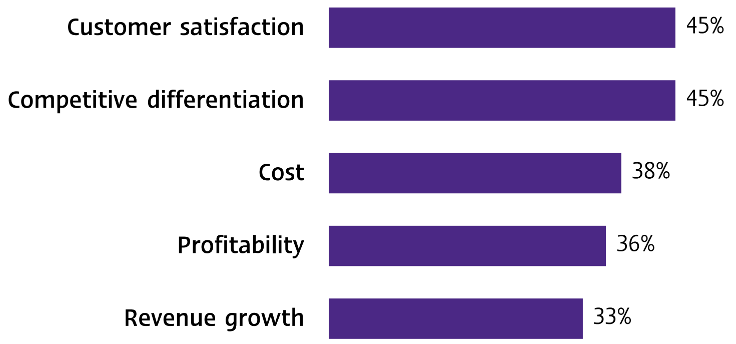
Businesses worldwide are increasingly adopting AI (OECD).

Unit: % of surveyed businesses



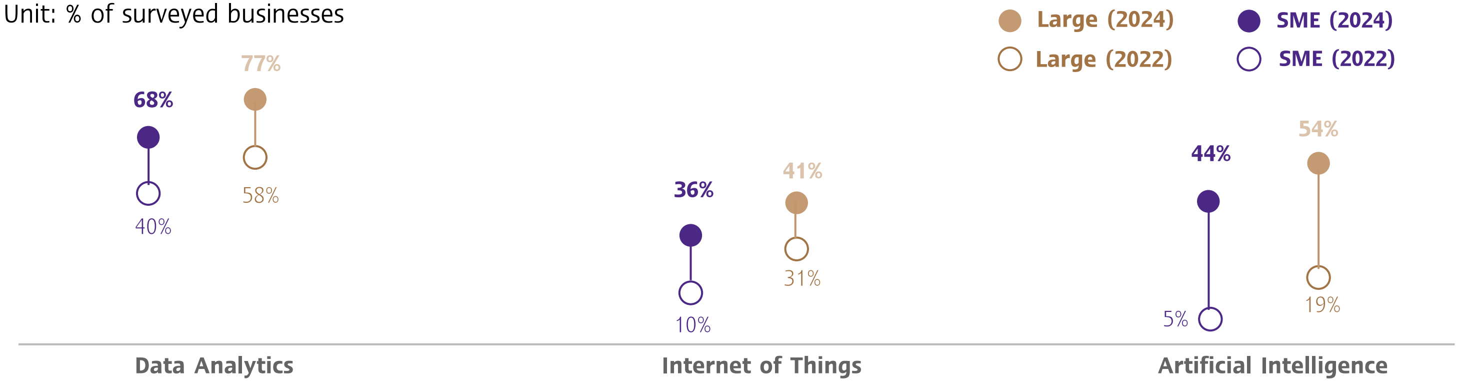
Benefits of AI Adoption from the Business Sector's Perspective (McKinsey)

Unit: % of surveyed businesses



Technology investment by Thai businesses increased in 2024 (Deloitte).

Unit: % of surveyed businesses



Examples of Thai businesses adopting AI.

Agricultural business

AI adoption in the agricultural sector remains relatively limited and is in a transitional phase.

- **Reduce costs and increase yield per rai,** such as by analyzing soil, moisture, and weather data to determine suitable crop types and optimal amounts of water and fertilizer.
- **Manage farms through smart platforms,** such as using AI, IoT, and sensors to collect data and support real-time decision-making, as well as using drones and AI to detect plant diseases and conduct targeted spraying.
- **Reduce reliance on manual labor,** such as through smart tractors that use AI and GPS to control operations.

Food and Beverage Business

AI is being applied across the value chain, from upstream to downstream activities, particularly among large businesses.

- **Enhance efficiency and reduce costs,** such as through production planning, sales forecasting, inventory and logistics management, and reducing waste from the production process.
- **Quality control and safety,** such as using AI and computer vision to detect contamination in real time and reduce food safety risks.
- **Enhance customer experience,** such as by using AI to analyze data and develop personalized food products.

Hotel Business

AI is being increasingly adopted, particularly by large hotel chains.

- **Enhance guest experience,** such as through voice-command systems, AI chatbots, and smart rooms.
- **Back-office management,** such as demand forecasting to plan food ingredient procurement, staff scheduling, and building management monitoring.
- **Marketing planning,** such as analyzing booking data to optimize room pricing, as well as customer behavior to refine strategies in response to changing market conditions.

Source: SCB EIC analysis based on data from OECD, McKinsey, and Deloitte.

Business adaptation strategies: businesses must focus on enhancing production and operational efficiency, while strengthening supply chain resilience, transitioning to clean energy, increasing flexibility in market diversification, and accelerating the adoption of digital technologies.

Adaptation Approaches for Key Business Sectors

Manufacturing Business

- **Strengthen supply chain flexibility** by diversifying raw material sources and markets.
- **Accelerate the transition to smart and green manufacturing** by adopting digital technologies, automation, AI, and IoT, and managing energy costs.
- **Improve production efficiency and accelerate the transition to clean energy.**

Energy Business

- **Address continued volatility in energy prices by focusing on raw material management and risk hedging.**
- **Transform business models from fossil-based operations toward hybrid and renewable portfolios.**
- **Prepare for policy uncertainty,** including energy pricing policy, clean energy policy, and the Power Development Plan.

Tourism and Retail Business

- **Increase flexibility and diversify demand-side risks** by expanding the customer base both domestically and internationally.
- **Focus on value over volume by targeting quality customers and niche markets** to increase revenue per capita.
- **Enhance efficiency and customer experience through technology and data,** including omni-channel and personalization.

Construction and Real Estate Business

- **Focus on segments and locations with strong potential, and adjust sales strategies** by highlighting energy-saving and environmental value propositions.
- **Manage liquidity and cash flow, while reducing costs** such as energy costs and using modular materials.
- **Diversify project portfolios and expand recurring income,** such as rental, lease-purchase, and expansion into other businesses.
- **Accelerate technology adoption across the value chain,** such as PropTech, digital sales, and construction technology.

Transportation and Logistics Business

- **Shift toward green logistics to reduce energy-related risks** by using EVs and improving energy efficiency.
- **Develop more resilient supply chains by diversifying routes** and reducing bottlenecks through multi-route, multi-mode, and LogTech solutions.
- **Manage volatile transportation costs in real time** by using data to support decision-making and hedging against fuel cost risks.
- **Move toward becoming a strategic partner in the supply chain** by helping customers manage risks and cope with volatility.

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