

# Economic and Financial Outlook

t**t**b analytics

May 2026





## Global Economy

- Recent global economic data continues to show resilience, though the outlook remains challenging amid persistent Middle East tensions. On price pressures, global inflation has risen across economies, driven largely by higher oil prices. Soft data also point to increasing input costs and renewed supply chain delays.
- In major economies, the US faces greater inflation risks. Meanwhile, China economy start to show more sign of economic slowdown amid ongoing middle east tensions. For Asian economies, strong tech-related demand remains a key theme across the region, continuing to support exports.
- On monetary policy, Middle East inflation risks put central bank hikes back in focus especially for DM central banks. For Asia, The PBoC is expected to maintain an easing bias despite Middle East risks, while other Asia's monetary policy outlooks are highly dependent on oil prices.



## Thai Economy

- Overall economic activity relatively stable from the previous month, as reflected by lower consumption and investment, driven by accelerated growth in the prior periods and partly due to lower number of tourist arrivals. Meanwhile, merchandised export growth elevated regarding US shipment due to AI-related demand alongside with a temporary boost from the short-term easing of US tariff measures.
- In Q1/2026 Thailand GDP growth accelerated from the previous quarter and dramatically higher than market expectation. The major attribution was relatively broad-based including domestic and external demand. Overall consumption and investment continued to grow, while exports of goods and services also accelerated. In addition, NESDC maintained the GDP growth forecast of 2026 to grow 1.5-2.5% (mid-range 2%).
- Looking ahead, ttb analytics projected Thai economic growth to slow in 2026, amid a more severe and prolonged-than-expected Middle East conflict. The situation has driven up global energy prices and disrupted key supply chains, transmitting impacts to the Thai economy through multiple channels—particularly tourism, exports, and weakening purchasing power. Nevertheless, additional government support measures are expected to provide a positive boost.



## Financial Markets

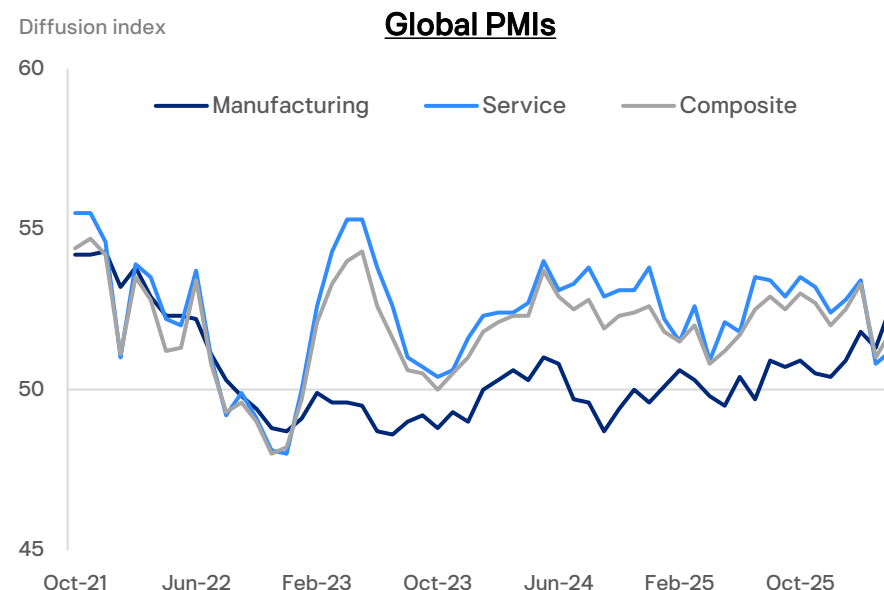
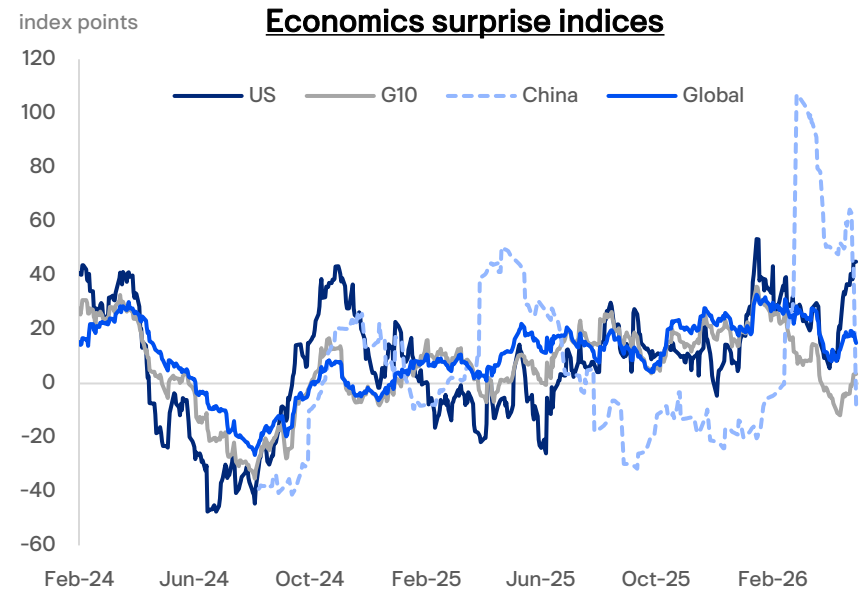
- Bond market volatility surged this month, with global yields rising sharply—particularly at the ultra-long end, which reached multi-year highs. The move appears driven by a repricing of inflation risks as Middle East tensions keep oil prices elevated, raising concerns over broader inflationary pressures. Meanwhile, Thai bond yields rise, tracking broader global trends, with the curve steepening likely to persist.
- The dollar remains resilient, supported by persistent tensions in the Middle East. Meanwhile, most Asian currencies remain under pressure due to their exposure to energy imports. The Thai baht has broadly tracked regional peers but remains below the 33.00 level. Looking ahead, FX markets are likely to remain driven by developments in Middle East tensions. Persistent tensions leave the Thai baht at risk of depreciation in H2, driven by elevated oil prices.

PART 1

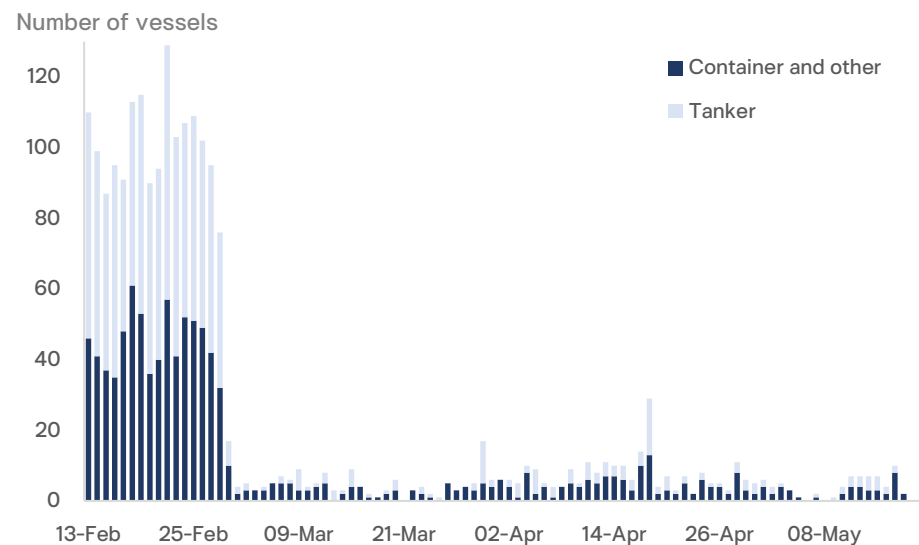
# Global Economy



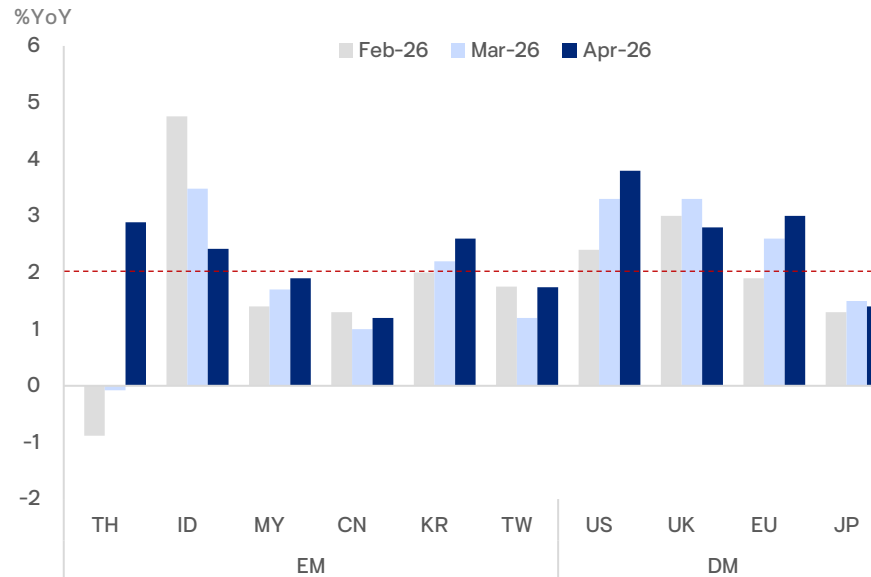
# Global data beats expectations, but middle east tensions and oil-driven inflation weigh on outlook



### Arrival of vessels pass through the Strait of Hormuz



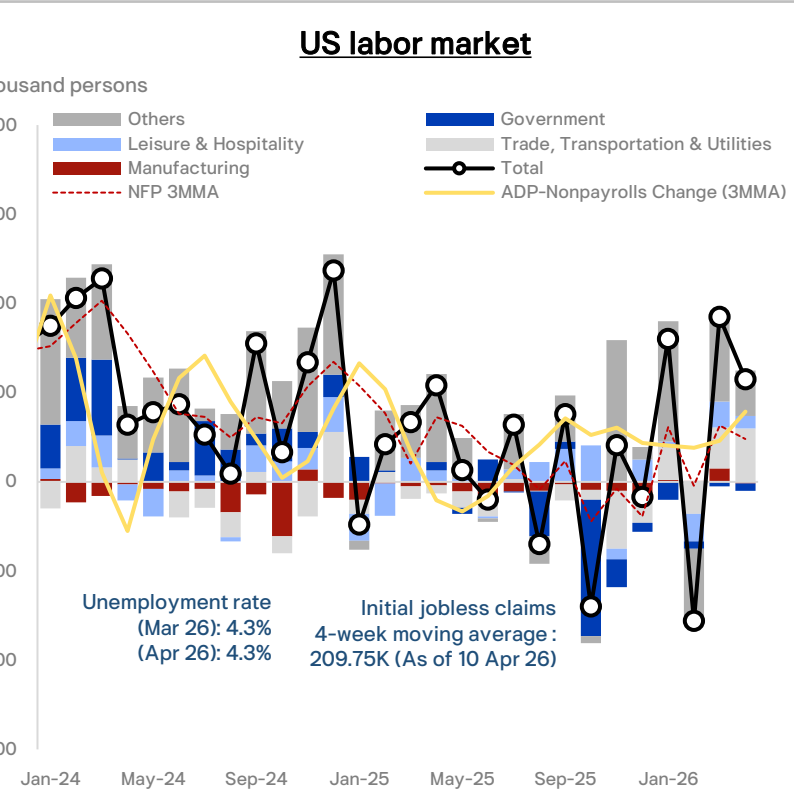
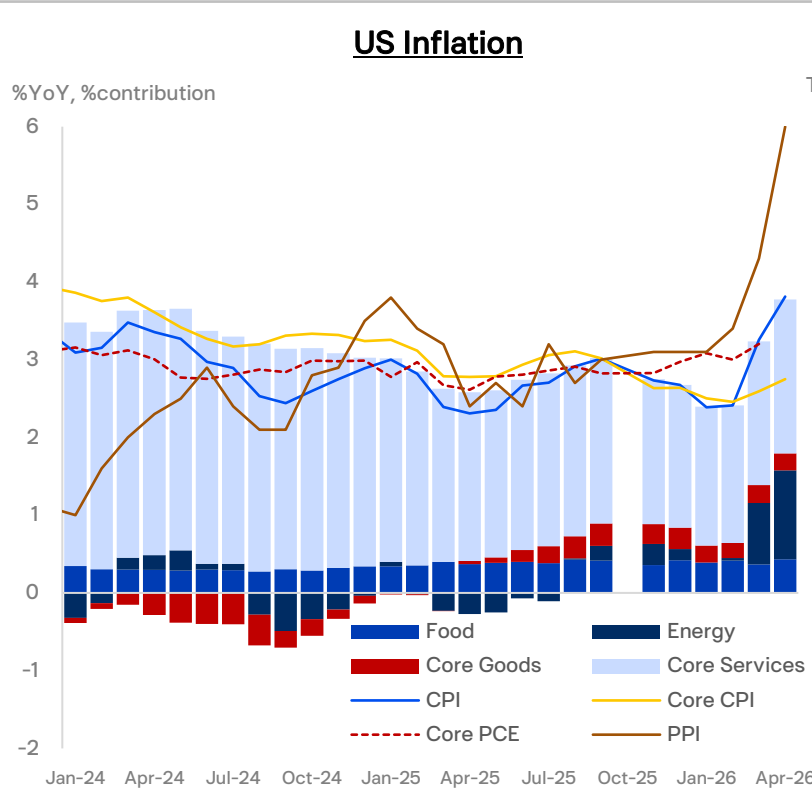
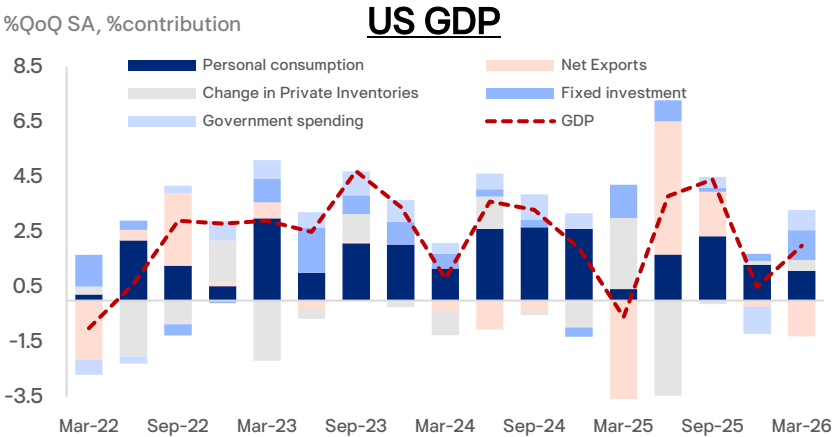
### Headline inflation across selected countries



- Recent global economic data continues to show resilience, particularly in the US, as reflected in positive surprise indices, though the outlook remains challenging amid persistent Middle East tensions and limited progress in ongoing negotiations.
- The global PMI rose from 51.0 in March to 51.8 in April, signaling a recovery in growth after March recorded the sharpest decline since 2008 outside the pandemic period. Nevertheless, overall expansion remained relatively modest, with services activity still among the weakest seen over the past year, while manufacturing output accelerated to its strongest pace since July 2021.
- On price pressures, global inflation has risen across economies, driven largely by higher oil prices. Soft data also point to increasing input costs and renewed supply chain delays. Meanwhile, limited vessel traffic through the Strait of Hormuz continues to keep commodity prices elevated, posing further risks of persistent and broadening inflationary pressures.

Source: Bloomberg, CEIC, IMF, and ttb analytics (Data as of 19 May 26)

# Despite resilient US economic data, inflation is beginning to pose greater risks

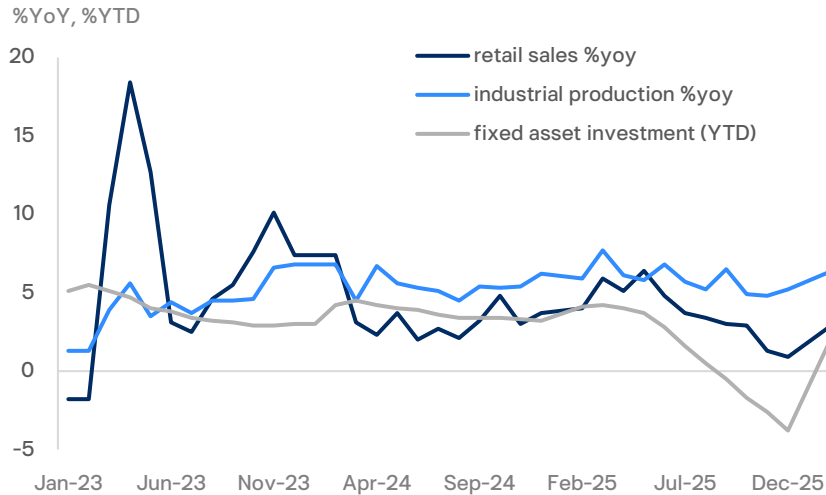


- US economic growth accelerated in Q1, supported by strong AI-driven business investment. GDP grew 2.0%, slightly below expectations as the prolonged government shutdown weighed on activity late in 2025. Consumer spending rose a stronger-than-expected 1.6%, led by services demand, while April retail sales increased 0.5%, signalling resilient but moderating consumer momentum.
- Looking at Fed-watch indicators, The labour market remained solid, with payrolls rising 115k in April, above forecasts, while unemployment held steady at 4.3%. Inflation pressures, however, strengthened further. Headline CPI rose 0.6% M/M and 3.8% Y/Y, driven largely by higher energy prices, while core inflation accelerated to 2.8% Y/Y, highlighting persistent underlying price pressures. Producer inflation also surprised to the upside, with both headline and core PPI pointing to broadening inflationary pressures.

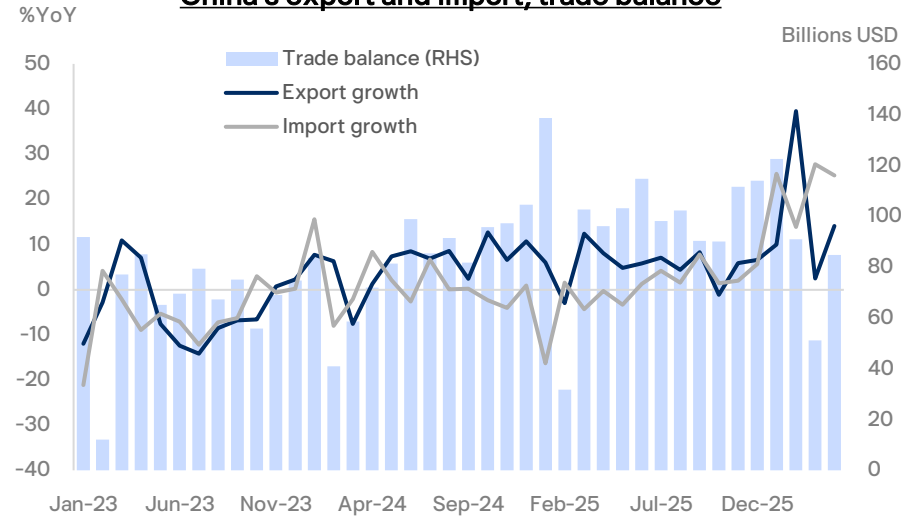
# China economy start to show more sign of economic slowdown amid ongoing middle east tensions



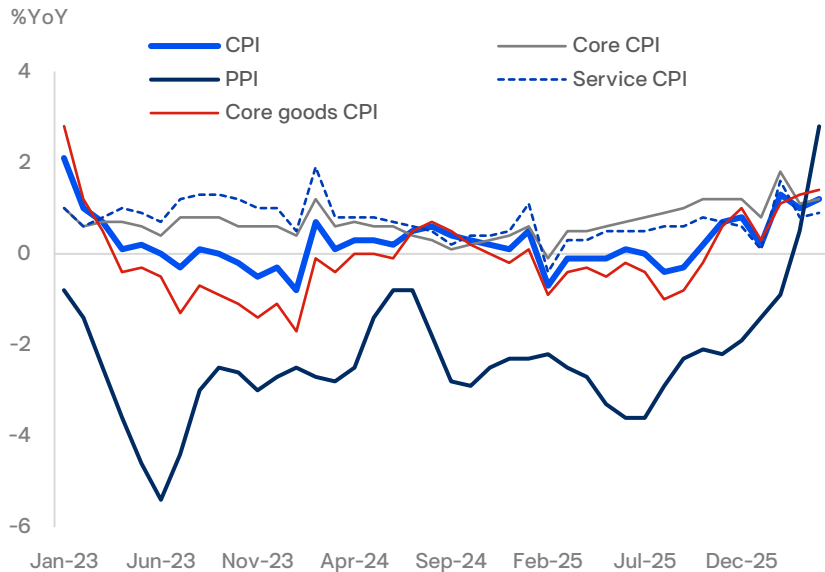
## Other economics indicators



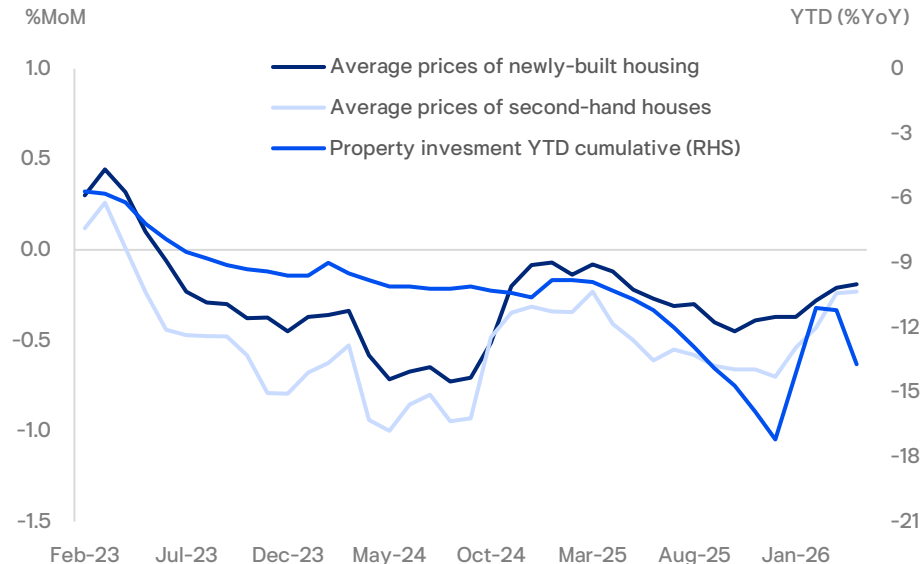
## China's export and import, trade balance



## CPI and PPI



## Property sector

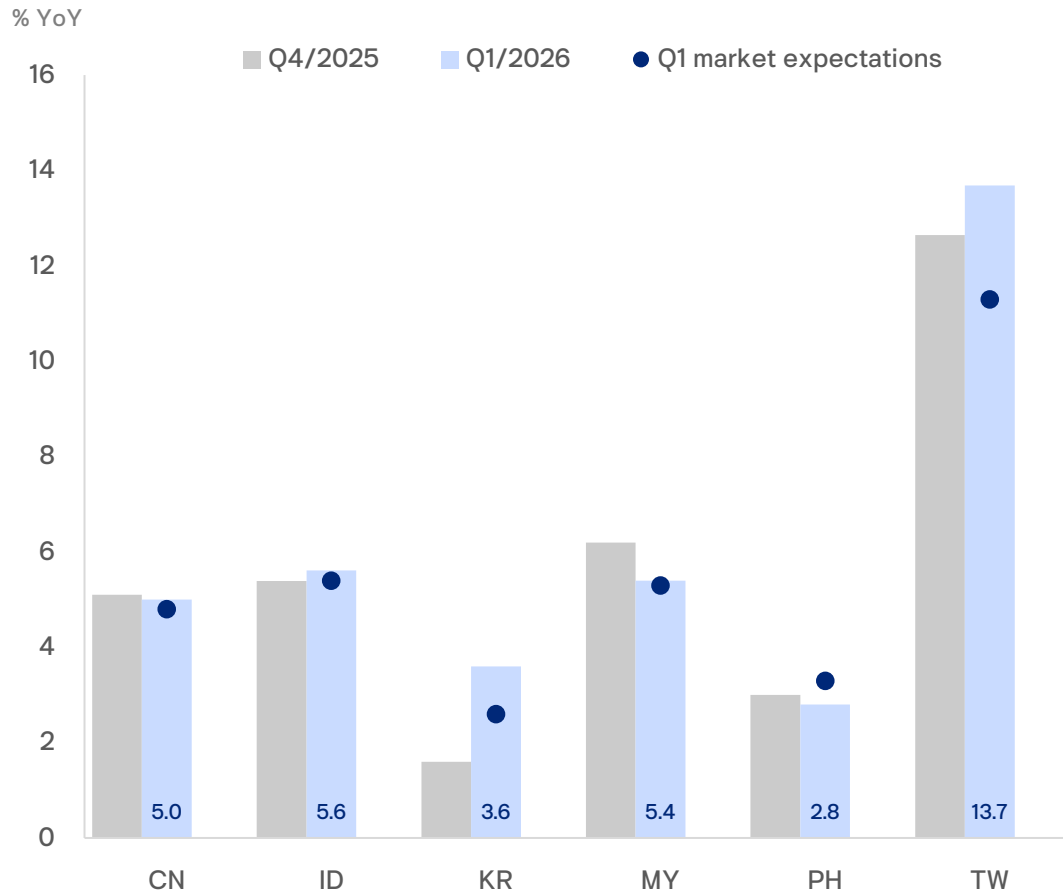


- China's growth slowed broadly in April as weakening domestic demand outweighed strong exports. Fixed-asset investment unexpectedly fell 1.6% in the first four months of 2026 after a 1.7% gain in Q1, while retail sales rose just 0.2%. Industrial production growth also slowed to 4.1%, the weakest pace in nearly three years. Still, exports remained resilient, rising 14.1% YoY, supported by AI-related tech demand, while imports jumped 25.3% on stronger commodity prices.
- The property sector showed tentative signs of stabilization as local governments rolled out support measures. However, the recovery remains uneven. Meanwhile, inflation pressures strengthened in April, with producer prices reaching a 45-month high and consumer inflation also accelerating amid elevated global energy costs.
- The Trump–Xi summit ended on a less confrontational tone but delivered no major breakthrough. Both sides agreed to maintain dialogue and pursue limited cooperation on trade and energy, while key issues – particularly Taiwan and broader geopolitical tensions – remain unresolved.

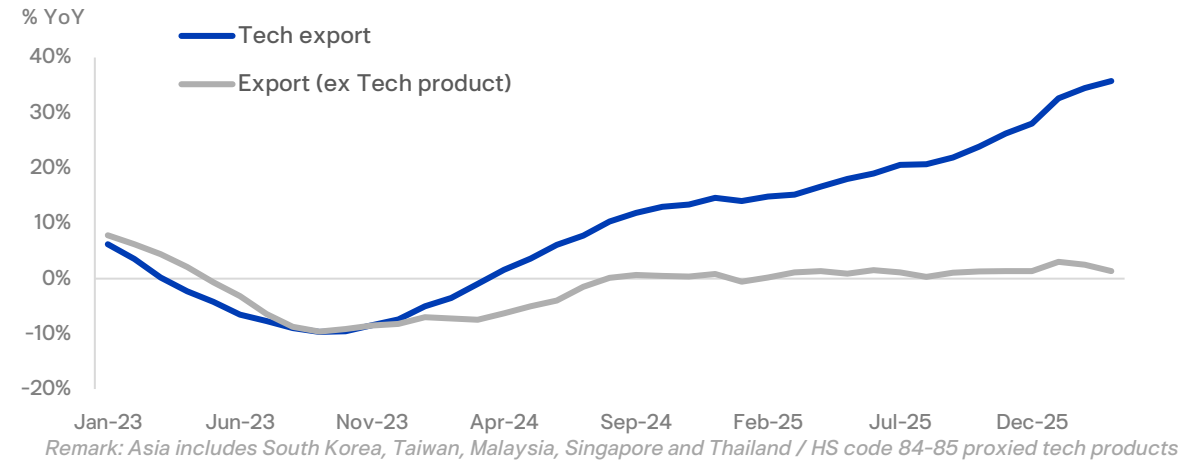
# Asian Q1 growth overall supported by tech-related demand, though middle east tensions continue to cloud the outlook



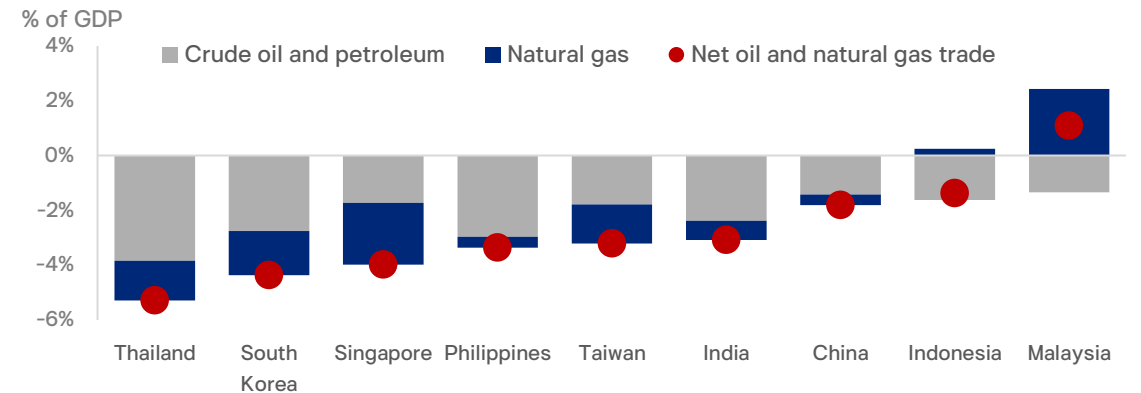
**GDP growth in Q1 2026 for selected EM Asia countries**



**Asia tech exports (12M rolling sum)**



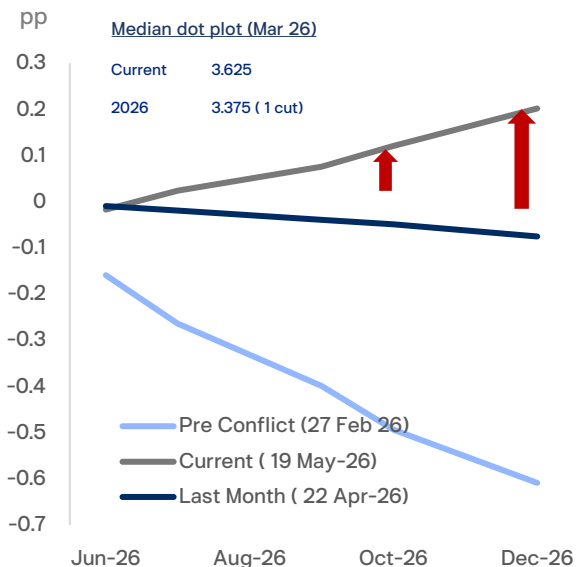
**Net oil and natural gas trade by selected countries (2025)**



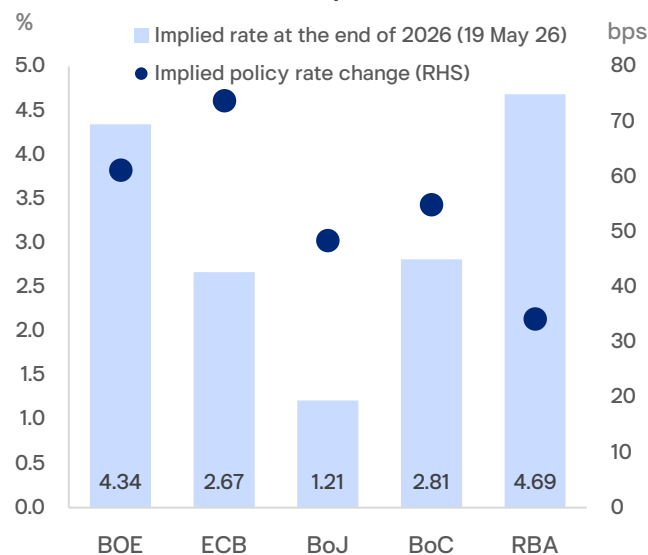
- For Asian economies, overall Q1 GDP growth provided some cushion against the impact of Middle East tensions, particularly in North Asia, where GDP growth exceeded both expectations and the previous quarter's pace. Strong AI-driven demand remains a key theme across the region, continuing to support exports. This trend is expected to persist into Q2, although the regional outlook remains clouded by ongoing Middle East tensions, especially given Asia's heavy reliance on energy imports through the Strait of Hormuz.

## Expected policy rate changes by selected major central banks by the end of 2025

### US policy-implied rate change



### Expected changes in policy rates in 2026 for selected developed market countries



## Latest Monetary Policy development

DM

- The Fed held rates at 3.50–3.75% in an 8–4 vote, with one member favoring a 25bp cut and three opposing an easing bias. The statement turned more hawkish, with upgraded inflation language, while officials are shifting toward a more neutral stance.
- The ECB held rates at 2.0%, maintaining a data-dependent stance as Christine Lagarde highlighted rising short-term inflation risks but noted long-term expectations remain anchored amid increased uncertainty. Markets still expect a potential rate hike later this year.
- The BoJ kept its policy rate at 0.75% in a 6–3 vote, with three members calling for a hike to 1.00% on inflation concerns. Governor Kazuo Ueda gave limited guidance on the timing of any near-term rate hike despite the hawkish dissent.
- The BoE kept rates at 3.75% in an 8–1 vote, with one member voting for a hike, while Andrew Bailey struck a cautiously hawkish tone. Despite mixed data and political uncertainty, markets still expect a potential rate hike later this year.

EM

- The PBoC is expected to maintain an easing bias despite Middle East risks, though the timing of further action may be delayed after the Politburo signaled comfort with the economy. Notably, it omitted references to policy rates and RRR tools, unlike earlier statements.
- Asia's monetary policy outlooks are highly dependent on oil prices, with policy responses varying across economies based on growth conditions, FX movements and inflation pass-through.

## Asian countries' policy expectations

| Country | Current Policy Rate (%) | Changes in policy rate in 2026 (bps) | Forecast policy rate at the end of 2026 (%) |
|---------|-------------------------|--------------------------------------|---|
| MY      | 2.75                    | 0                                    | 2.78 ↑                                      |
| KR      | 2.50                    | 0                                    | 2.75 ↑                                      |
| ID      | 5.00                    | +50                                  | 4.90 ↑                                      |
| IN      | 5.25                    | 0                                    | 5.51 ↑                                      |
| PH      | 4.50                    | +25                                  | 5.13 ↑                                      |
| TW      | 2.00                    | 0                                    | 2.05 ↑                                      |

Notes: Forecast policy at the end of 2026 based on recent Bloomberg weighted average  
 \*Arrows indicates change in end-year policy rate compared to last month

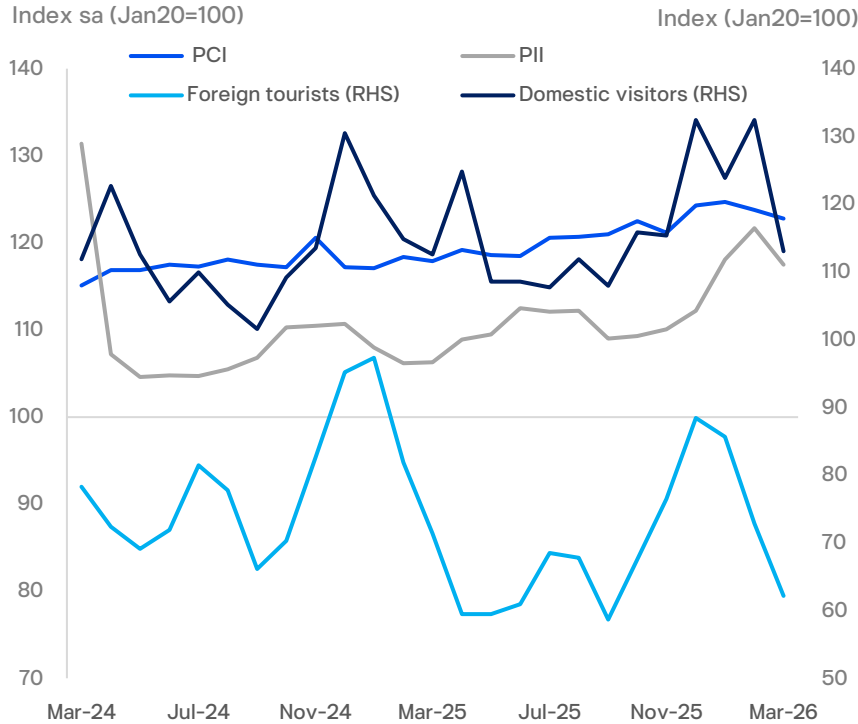
PART 2

# Thai Economy

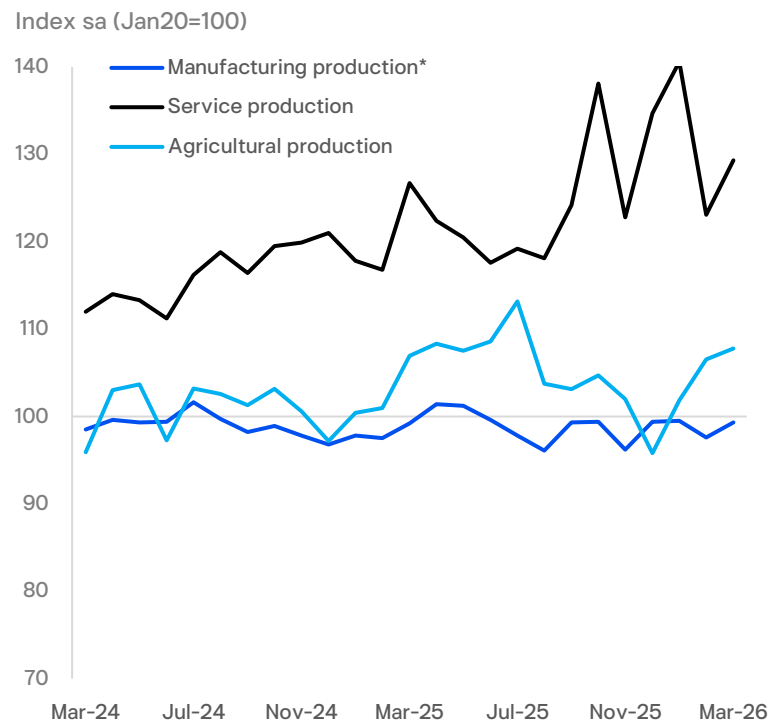


# In March 2026, Thailand economic activity remained relatively stable, as a slowdown in domestic demand contrasted with strong merchandise export performance

## Demand-side indicators



## Supply-side indicators



- In March 2026, overall economic activity remained relatively stable from the previous month, as reflected by lower consumption and investment, driven by accelerated growth in the prior periods and partly due to lower number of tourist arrivals. Meanwhile, merchandised export growth elevated regarding US shipment due to AI-related demand alongside with a temporary boost from the short-term easing of US tariff measures.
- In the Q1/2026, Thailand GDP growth accelerated from previous quarter. The major attribution was relatively broad-based including strong domestic and external demand.

## Leading Economic Index (sa) (Jan2020=100)

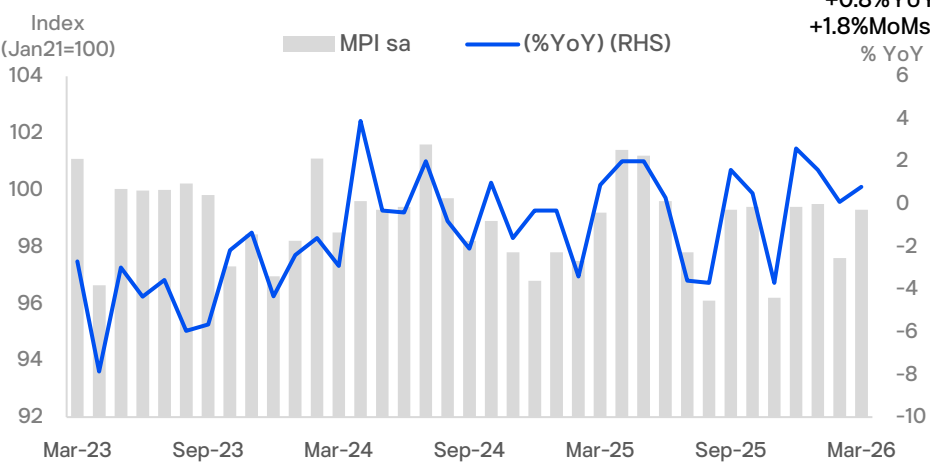
| Leading Economic Index and Components (SA)                      | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | Jan-26 | Feb-26 | Mar-26 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Authorized Capital of Newly Registered Companies (Million Baht) | 219.4  | 183.5  | 108.0  | 103.3  | 125.8  | 132.6  | 126.1  | 124.5  | 84.8   | 76.1   | 139.1  | 84.1   | 110.9  |
| Construction Areas Permitted (1000 sq. m)                       | 100.3  | 83.9   | 99.7   | 97.4   | 94.3   | 106.9  | 114.1  | 114.6  | 103.5  | 120.5  | 92.5   | 100.1  | 98.5   |
| Export Volume index (exclude Gold)                              | 123.9  | 121.2  | 132.5  | 125.8  | 126.3  | 126.7  | 128.4  | 129.6  | 132.3  | 133.5  | 142.9  | 139.6  | 144.7  |
| Business Sentiment Index (3 months)                             | 101.6  | 97.1   | 98.6   | 98.2   | 96.6   | 100.4  | 100.2  | 100.6  | 101.7  | 102.6  | 98.9   | 84.0   | 88.3   |
| SET index   | 76.5   | 79.1   | 75.9   | 72.0   | 82.6   | 84.5   | 85.4   | 86.5   | 83.0   | 83.2   | 87.5   | 100.9  | 95.6   |
| Oil Price Inverse Index (Dubai)                                 | 1.4    | 1.5    | 1.6    | 1.5    | 1.4    | 1.4    | 1.4    | 1.5    | 1.6    | 1.6    | 1.7    | 1.6    | 0.8    |

Source: Bank of Thailand and ttb analytics  
 Remark: \*rebase Jan21 due to OIE new rebase data

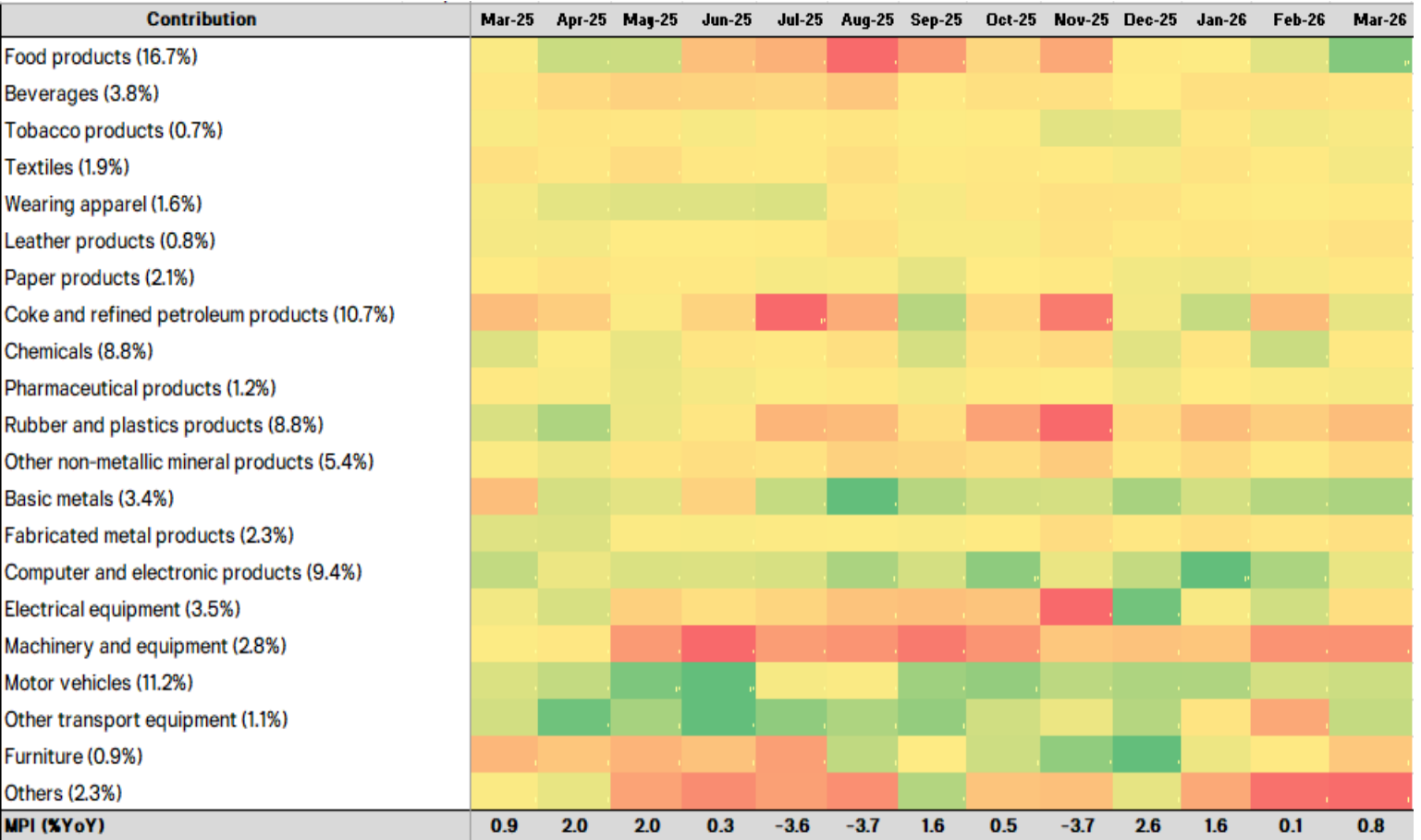
# The negative impact of middle east tension to manufacturing output in March remained unclear; Food products including basic chemical and metal as a major attribution



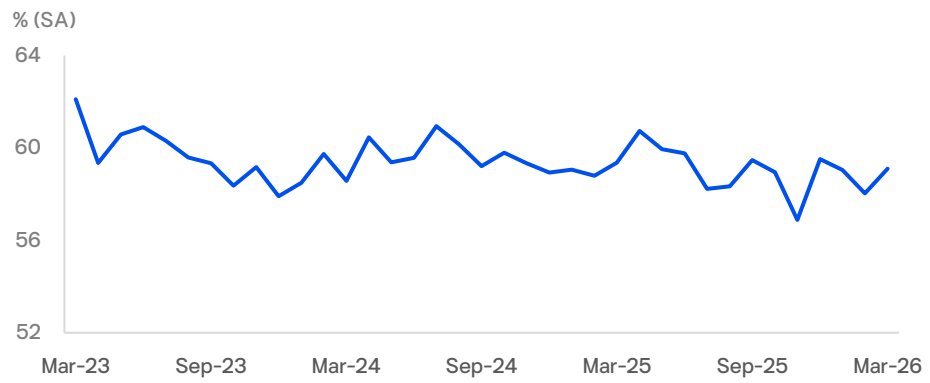
## Manufacturing Production Index (MPI)



## MPI by sector (base year 2021)



## Capacity Utilization (CapU)



As of March 2026, Manufacturing Production Index (MPI) was relatively improved from the previous month. This was driven by a strong food production particularly in sugar, supported by higher cane crushing volumes, as well as a low base effect in last year due to the Thailand–Cambodia conflict, which had disrupted sugarcane harvesting. Moreover, the production of basic chemical and basic metal also continued to increase, benefited from higher demand in downstream value chain and base effect.

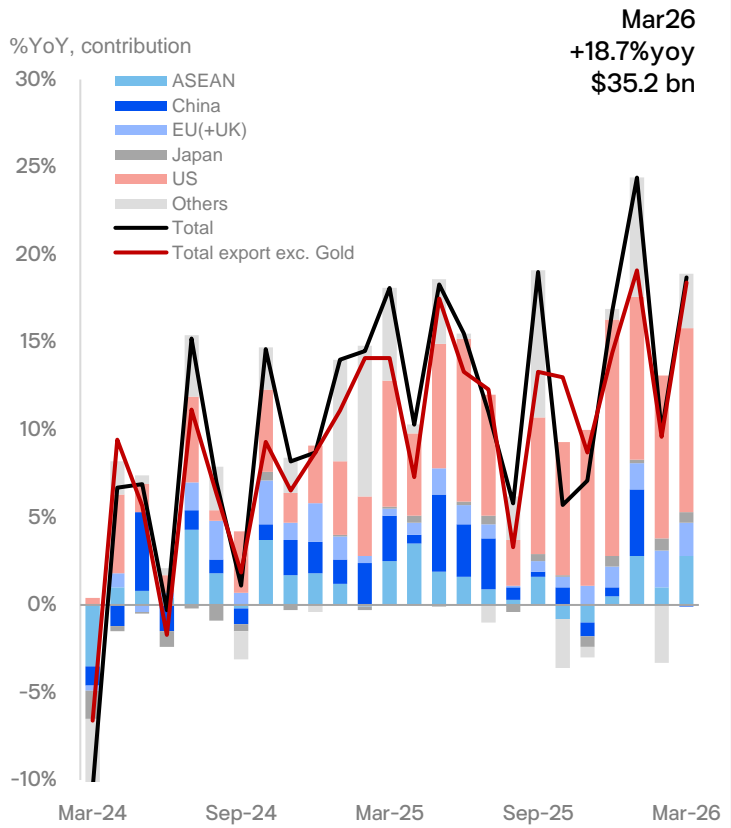
# Merchandise export remained elevated in March due to US tariff concerns, while import growth also marked higher



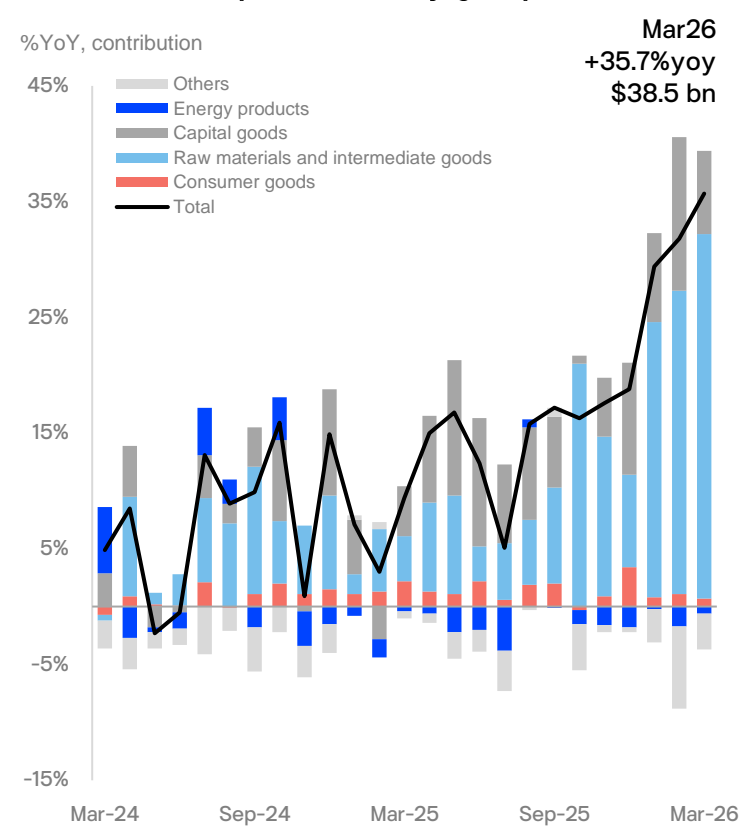
**Exports value growth by major product and major destination**

Unit: %YoY

|   | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | Jan-26 | Feb-26 | Mar-26 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Agri-agro products</b>                 |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Rice                                      | -22.6% | -43.8% | -9.9%  | -41.2% | -16.3% | -30.0% | -31.4% | -38.6% | -18.7% | -27.4% | -23.9% | -5.8%  | -19.2% |
| Rubber                                    | 19.5%  | 22.5%  | -7.8%  | -0.2%  | -19.9% | -27.9% | -15.4% | -12.5% | -12.0% | -1.9%  | -19.3% | -26.2% | -21.6% |
| Tapioca products                          | -15.0% | -2.4%  | 15.5%  | 5.7%   | -12.6% | -5.6%  | -9.8%  | -19.2% | -28.8% | -4.0%  | -21.4% | -19.1% | -17.2% |
| Fresh, Frozen & Dried vegetable and Fruit | 14.0%  | -29.1% | 11.8%  | 48.5%  | 74.0%  | -11.0% | -35.6% | -16.4% | -24.5% | 12.1%  | 34.5%  | 22.2%  | -5.4%  |
| Poultry                                   | 5.1%   | 8.6%   | 9.3%   | 15.8%  | 9.8%   | -3.8%  | 6.4%   | 1.2%   | -7.4%  | 14.6%  | 1.0%   | -0.7%  | -6.4%  |
| Sugar                                     | -25.8% | 38.2%  | -1.0%  | 37.2%  | 36.2%  | -14.2% | 43.4%  | 8.9%   | -10.9% | -8.4%  | -36.5% | -52.9% | 15.1%  |
| Animal feeding                            | 12.5%  | 10.1%  | 6.7%   | 10.9%  | 9.1%   | -5.6%  | 2.9%   | 7.7%   | 1.1%   | 18.4%  | 8.2%   | 4.7%   | 4.0%   |
| <b>Industrial products</b>                |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Motor Cars, Parts, Accessories            | 2.7%   | -7.8%  | 15.2%  | -8.5%  | 4.2%   | 1.3%   | 15.4%  | 14.9%  | -5.9%  | 5.4%   | 11.3%  | 7.8%   | 0.9%   |
| Computer and parts                        | 80.2%  | 75.1%  | 103.9% | 57.7%  | 61.0%  | 44.1%  | 57.9%  | 67.8%  | 59.9%  | 51.5%  | 68.2%  | 49.8%  | 34.2%  |
| HDD                                       | 45.5%  | 40.4%  | 42.1%  | 13.0%  | 14.9%  | -6.8%  | -7.2%  | 15.3%  | -16.2% | -14.5% | 27.3%  | -2.3%  | -20.2% |
| Integrated Circuits                       | 41.5%  | 39.0%  | 41.4%  | 46.2%  | 54.9%  | 37.0%  | 8.1%   | 10.8%  | 17.1%  | 14.6%  | 10.9%  | 6.3%   | 7.8%   |
| Air Conditioning Machine                  | 19.0%  | 1.2%   | 8.0%   | 9.7%   | 6.8%   | -14.0% | -5.9%  | -2.9%  | -14.6% | 8.2%   | 3.8%   | 2.0%   | 1.7%   |
| Refrigerating                             | -1.5%  | 35.5%  | 50.6%  | 40.8%  | 56.8%  | 22.4%  | 86.3%  | 69.9%  | 25.1%  | 45.1%  | 48.3%  | 24.6%  | 33.3%  |
| Electronic Machines                       | 47.8%  | 34.4%  | 53.2%  | 33.5%  | 35.2%  | 28.3%  | 42.6%  | 38.8%  | 46.2%  | 52.8%  | 67.0%  | 56.8%  | 43.8%  |
| Plastic pallet                            | 7.6%   | -5.6%  | -4.4%  | 0.7%   | -7.1%  | -8.7%  | -4.3%  | -6.6%  | -11.4% | -12.2% | -7.5%  | -4.4%  | -12.9% |
| Chemical Products                         | 6.3%   | 8.6%   | -1.3%  | -4.3%  | -15.2% | -8.5%  | -0.6%  | -5.0%  | -13.6% | -4.2%  | 0.6%   | -6.9%  | 9.7%   |
| Machinery & Parts                         | 17.2%  | -12.2% | 34.4%  | 16.3%  | 44.1%  | 10.2%  | 11.3%  | 2.5%   | 5.1%   | 22.8%  | 9.7%   | 28.4%  | 16.6%  |
| Rubber Products                           | 17.6%  | 15.9%  | 34.3%  | 22.4%  | 9.7%   | -3.1%  | 7.4%   | 1.3%   | -12.1% | -0.3%  | -5.6%  | 0.6%   | 5.7%   |
| Refined oil                               | -8.0%  | -3.6%  | -20.1% | -20.1% | -43.5% | -23.7% | -30.4% | -22.1% | -31.8% | -15.2% | 14.9%  | -17.8% | 24.6%  |
| Jewelry ex gold                           | 68.1%  | 42.1%  | 2.3%   | 8.4%   | 41.9%  | 24.4%  | 16.9%  | 25.8%  | 66.7%  | -24.3% | 4.5%   | -30.0% | 86.4%  |
| <b>Total export</b>                       | 18.1%  | 10.3%  | 18.3%  | 15.5%  | 11.0%  | 5.8%   | 19.0%  | 5.7%   | 7.1%   | 16.8%  | 24.4%  | 9.9%   | 18.7%  |



**Imports value by groups**



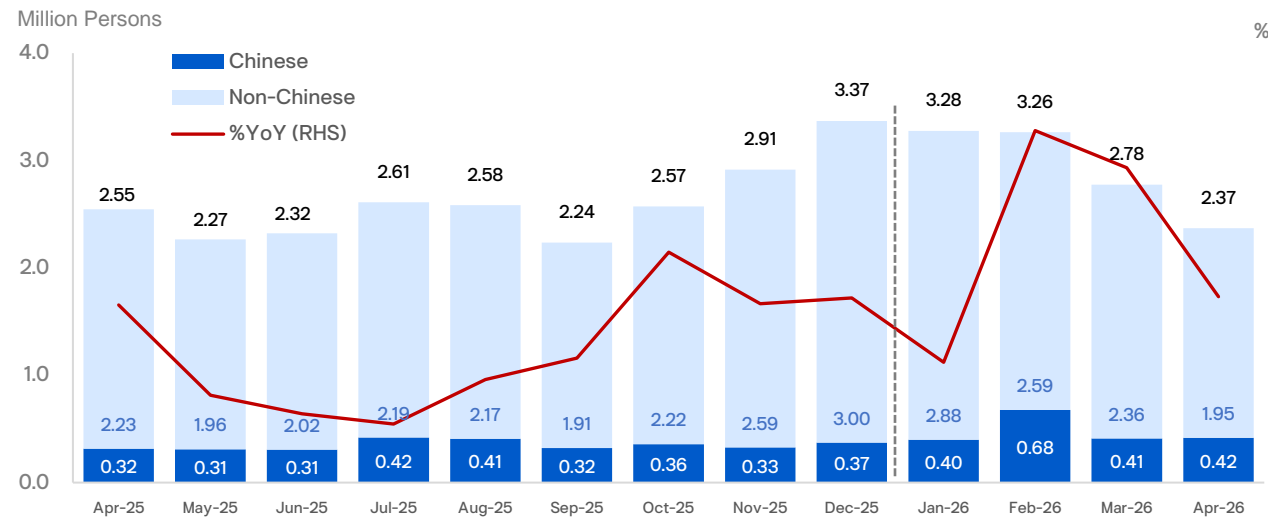
- Thailand's export growth elevated in March 2026. Export to the US remained convincing the growth. Key export growth continued to be driven by electronics and electrical appliances, in line with sustained demand for AI-related and data center technologies, alongside a temporary boost from the short-term easing of US tariff measures. Moreover, export of agricultural-related products such as fruits and pet food also increased. On the other hand, the import value growth continued to elevate, led by import of raw materials and intermediate goods as well as capital goods such as electrical circuit board, steel products and electronic machines and parts, resulting in the trade deficit of USD 3.3 billions. (first 3 months of 2026, trade deficit USD 9.5 billions)

Source: Ministry of Commerce and ttb analytics Remark: Custom basis

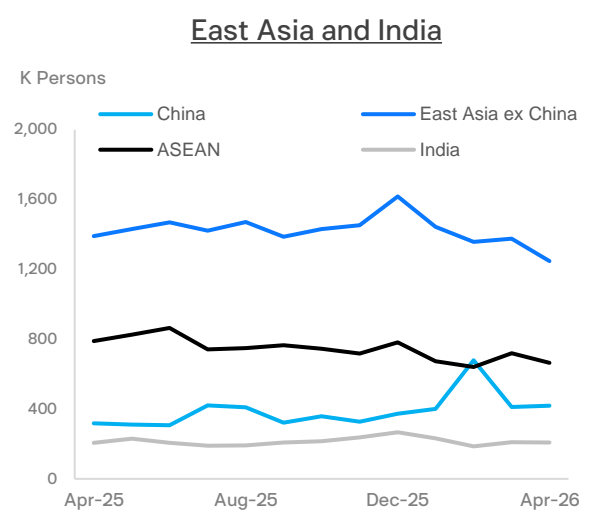
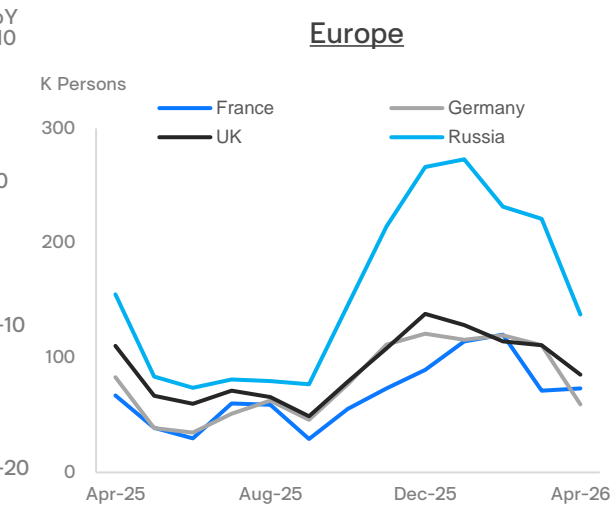
# Escalating tension triggered a hard hit to tourist arrivals from Middle East and European countries due to safety concerns, lower flight available and airspace closure



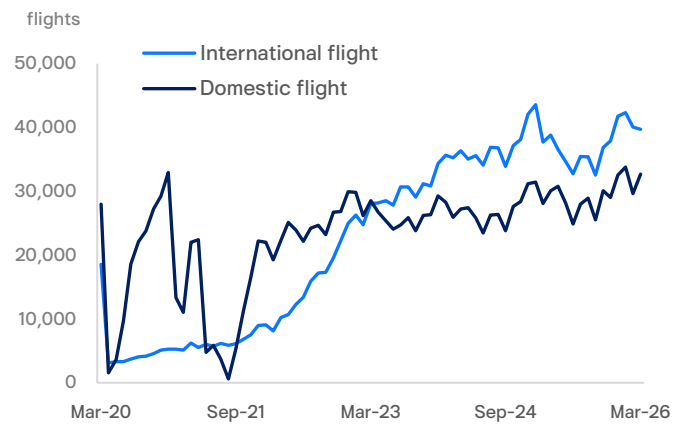
## Total Foreign Tourist Inbounds



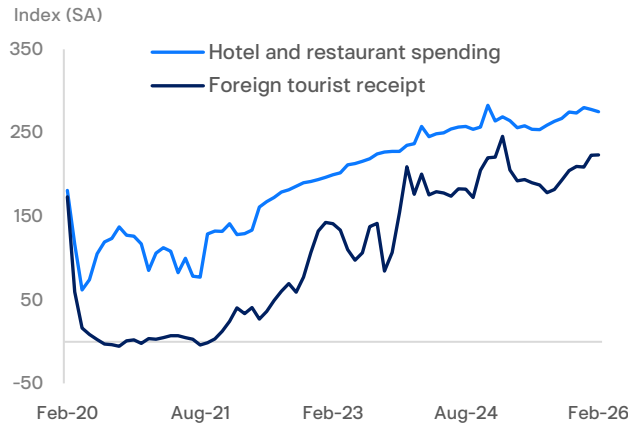
## Foreign Tourist Inbounds by key regions



## Number of flights via Thailand's airports (total)



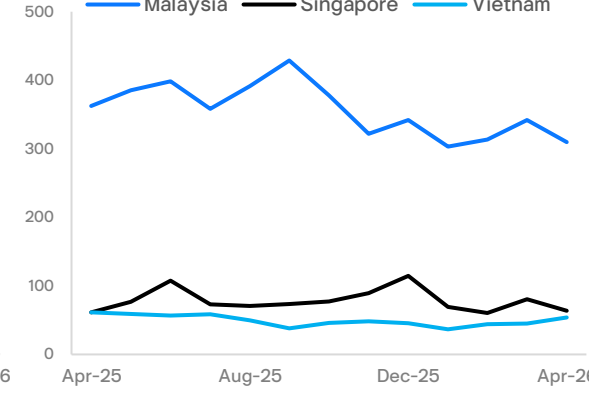
## Tourism spending indicators



## Middle East



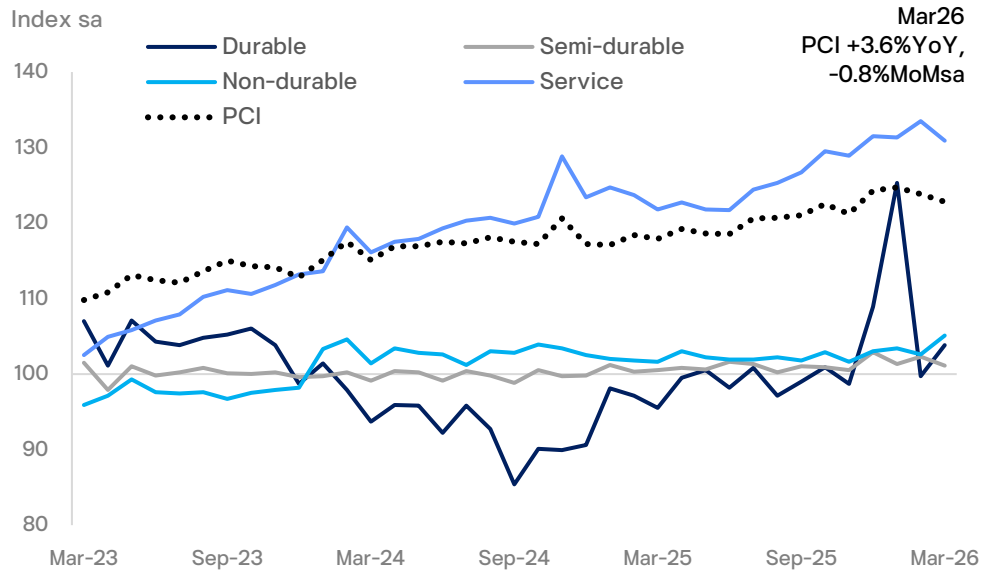
## Malaysia, Singapore, Vietnam



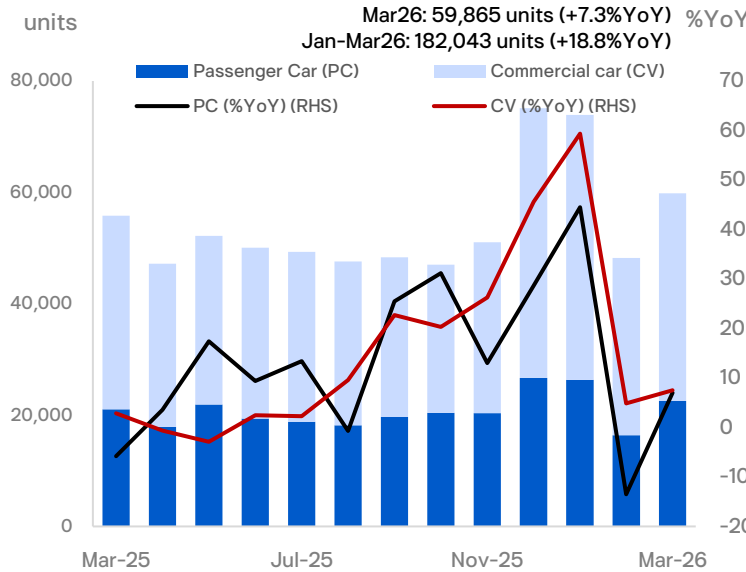
- In April 2026, the number of foreign tourist arrivals was declined sharply compared to the previous month. Escalating tension sparked the safety concerns, together with lower flight available and airspace closure in the conflict zone pressured on number of tourist arrivals from European countries. However, tourists from Middle East improved slightly from preceding month to pivot toward alternative destination during conflict period.

# Private consumption indicators slowed compared to the previous month in line with a slowdown in tourism activity

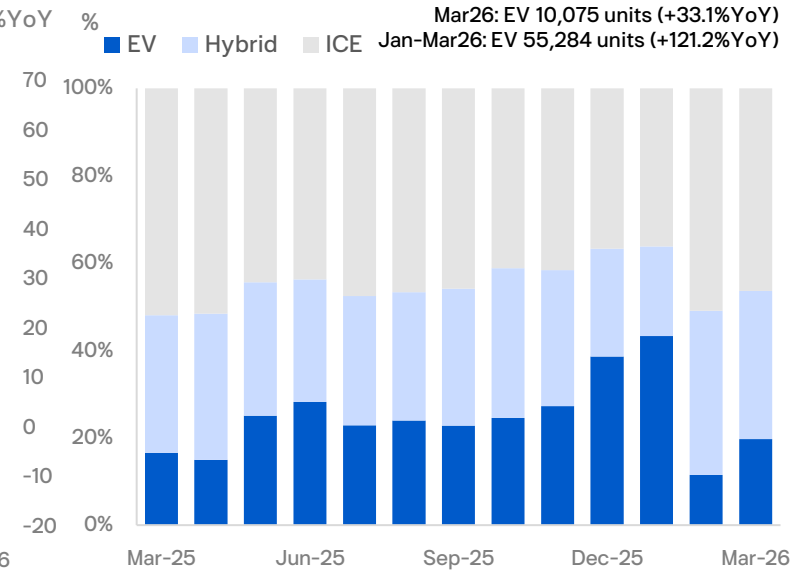
## Private Consumption Indicators (SA)



## Domestic car sales\*\*

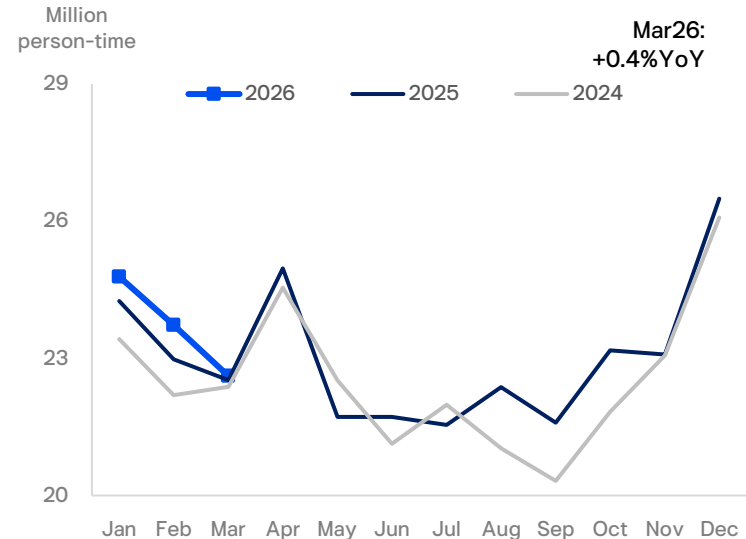


## EV penetration of type 1 registration

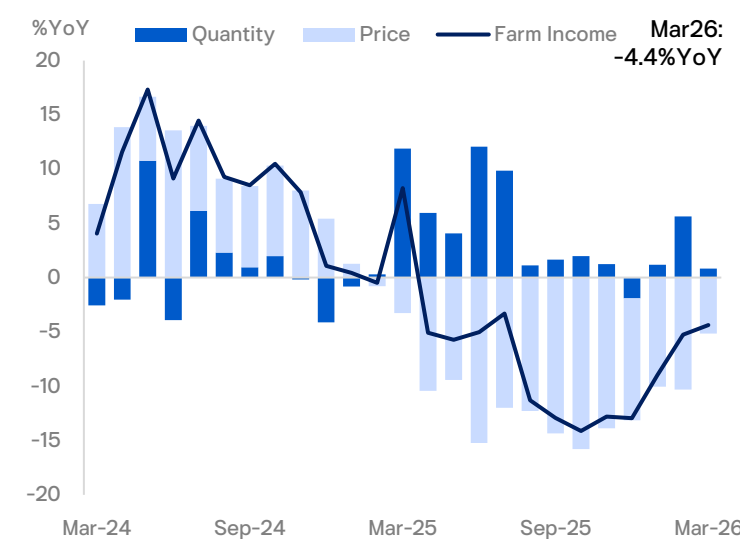


- Private consumption indicators declined from the previous month, mainly due to decreased spending on service, particularly hotels and restaurants, in line with a slowdown in tourism activity. In addition, the spending in semi-durable goods also declined aligning with lower import of textile and apparel. However, the durable goods purchase increased, driven by sales of passenger car amid energy security concern, which supports EV sales.
- Farm income remained in the contraction trajectory, mainly due to a continued decline in agricultural prices, particularly for hog, sugarcane, durian, and white rice, reflecting still-elevated output levels.

## Thai domestic visitors\*



## Farm Incomes

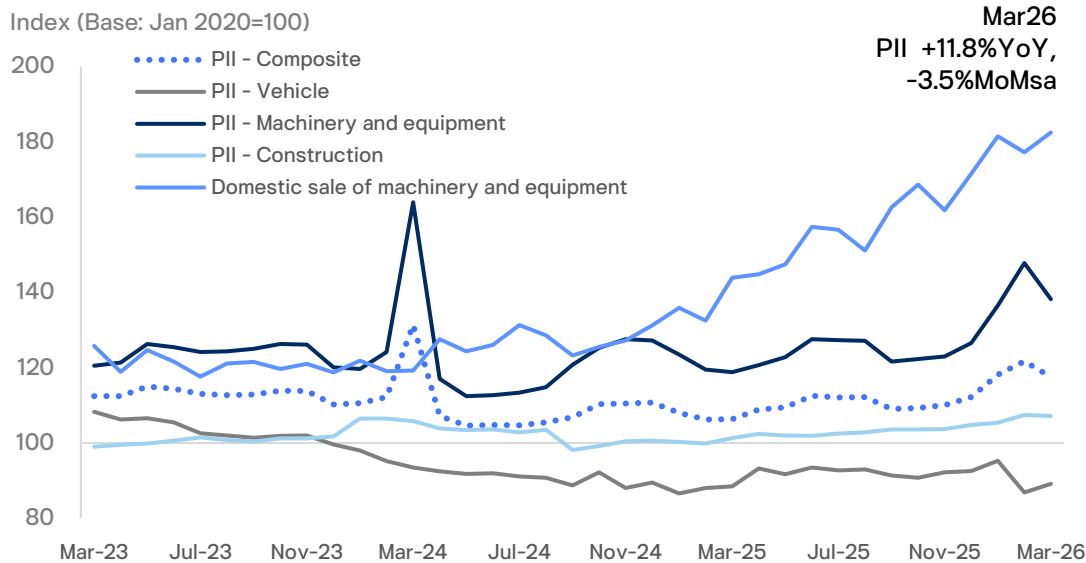


Source: Bank of Thailand, The Federation of Thai Industries, CEIC and ttb analytics

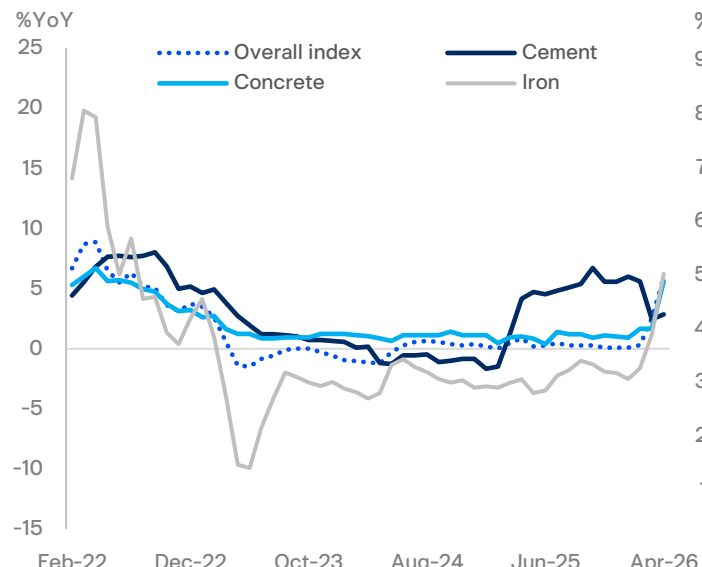
Remark: \*Data not include replication in number of visitors \*\*Commercial Vehicle (CV) \* covering pickup, PPV and others commercial car, Passenger Car (PC) \*\* covering sedan and SUVs,

# Private investment indicators soften after earlier front-loaded imports of machinery, with BSI weakening amid rising geopolitical tensions

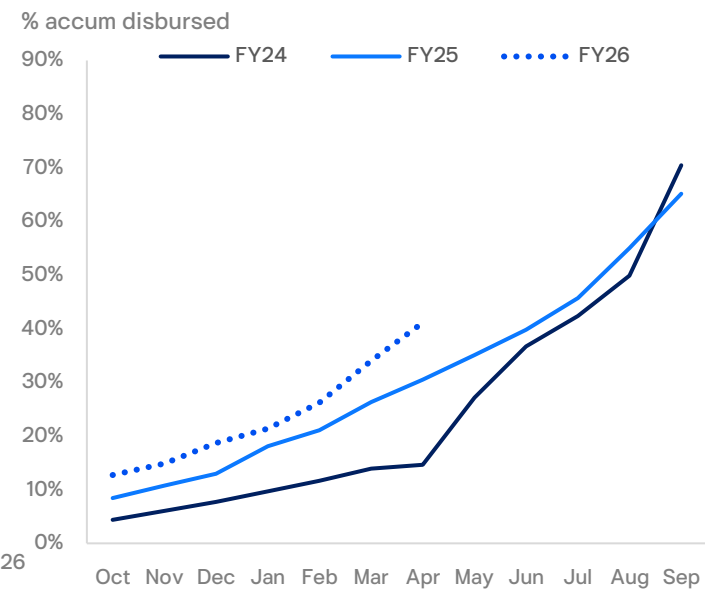
## Private Investment Indicators (SA)



## Construction Material Price Index (CMI)

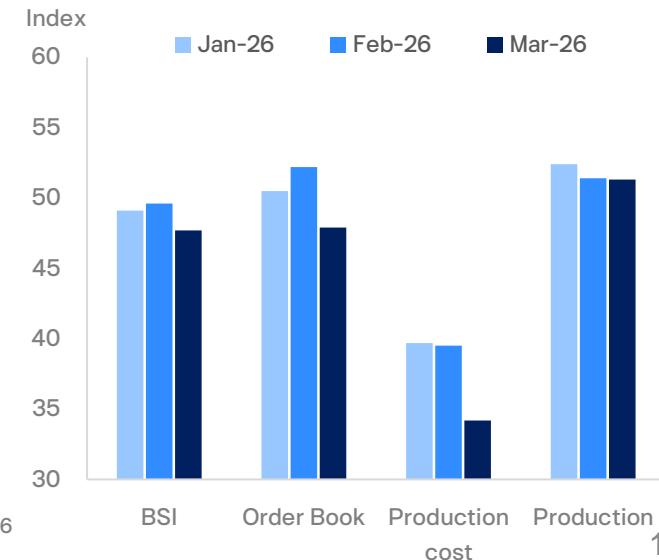
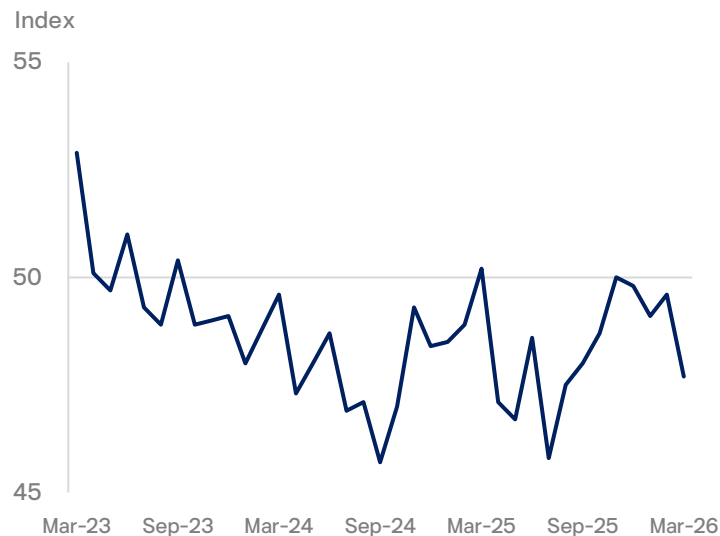


## Accumulated govt capital budget disbursement



- Private investment indicators slowed from the previous month, driven by investment in machinery and equipment category due to lower import after accelerated increase in prior periods. Investment in the construction sector was relatively stable. However, investment in the vehicle category turned increase due to higher vehicle registration values, coupled with an increase in imports of ships.
- BSI in March slumped in eight months, led by non-manufacturing sectors across almost sub-categories due to Middle East tension, manufacturing sectors also declined, particularly in plastic industry.
- Overall CMI index edged up remarkably, reflected by higher cement and concrete prices which affecting from higher feedstock price and transportation cost.

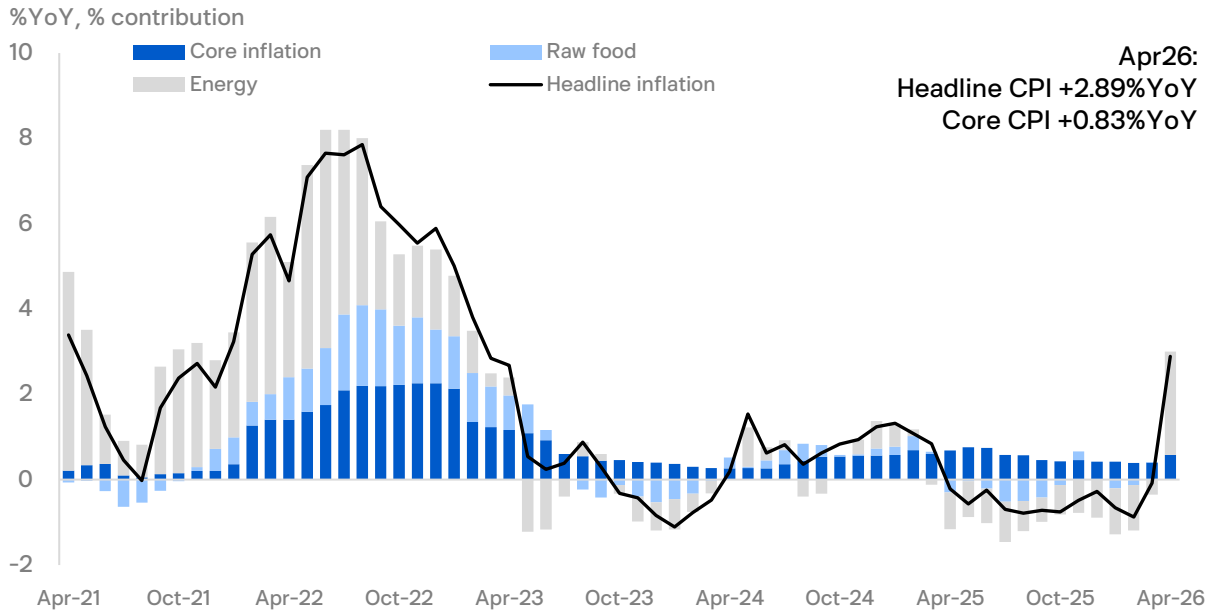
## Business Sentiment Index (BSI)



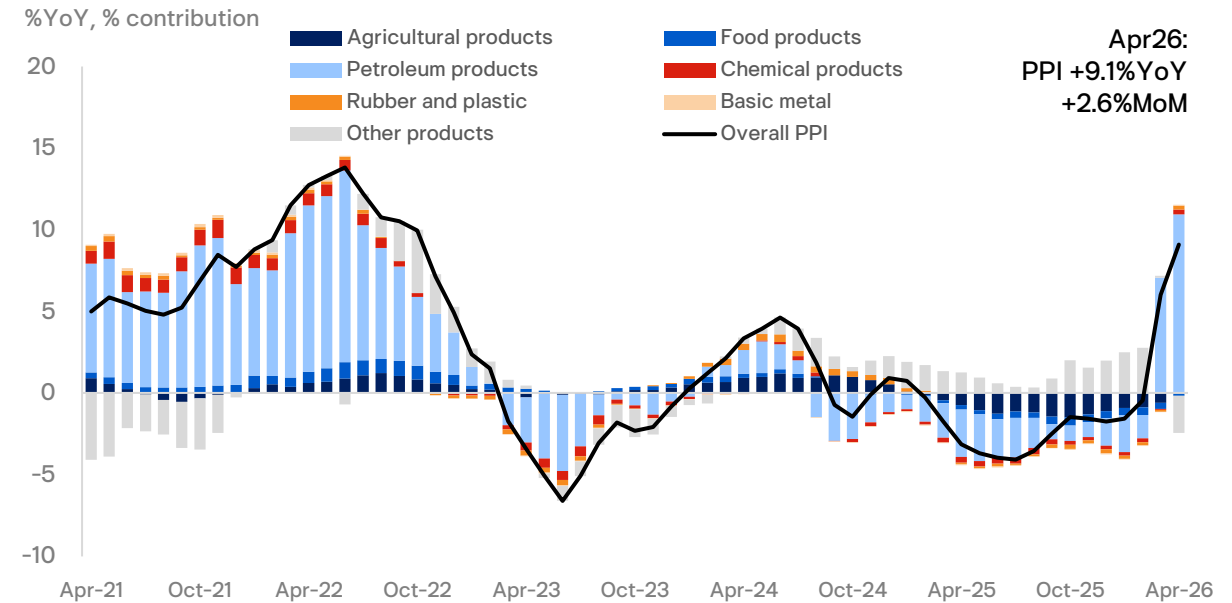
# April's inflation price elevated to highest level in more than three years



## Inflation contribution to growth



## Producer Price Index (PPI) contribution to growth



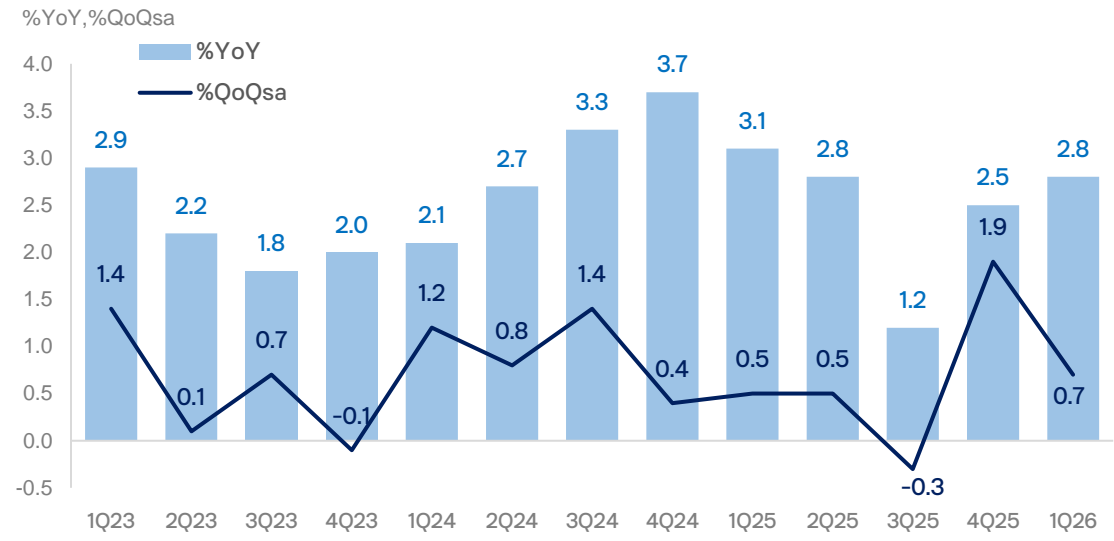
## Price change in top categories

|                           | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | Jan-26 | Feb-26 | Mar-26 | Apr-26 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Headline inflation</b> | -0.22  | -0.57  | -0.25  | -0.70  | -0.79  | -0.72  | -0.76  | -0.49  | -0.28  | -0.66  | -0.88  | -0.08  | 2.89   |
| Raw food                  | 0.30   | -1.76  | -0.23  | -1.23  | -2.99  | -2.89  | -2.44  | -0.78  | 1.19   | 0.01   | -1.18  | -0.78  | 0.04   |
| Prepared food             | 2.61   | 3.41   | 3.40   | 2.53   | 2.54   | 1.99   | 1.67   | 1.74   | 1.96   | 1.73   | 1.54   | 1.68   | 2.31   |
| Meat and Poultry          | 5.04   | 5.39   | 4.98   | 4.18   | 3.36   | 1.71   | -0.05  | 0.09   | 0.83   | 0.72   | -0.72  | -0.58  | -1.62  |
| Eggs and dairy products   | -1.94  | -1.52  | -3.94  | -3.46  | -3.72  | -3.78  | -3.74  | -3.79  | -2.14  | -1.73  | -2.92  | -0.49  | 3.18   |
| Utilities                 | -2.84  | -1.42  | -1.41  | -1.36  | -1.36  | -2.09  | -2.11  | -2.11  | -3.15  | -4.67  | -4.66  | -3.14  | -0.16  |
| Energy                    | -6.73  | -6.58  | -6.31  | -7.33  | -5.55  | -4.46  | -5.40  | -6.11  | -6.98  | -8.41  | -8.29  | -2.76  | 18.87  |
| <b>Core inflation</b>     | 0.98   | 1.09   | 1.06   | 0.84   | 0.81   | 0.65   | 0.61   | 0.66   | 0.59   | 0.60   | 0.56   | 0.57   | 0.83   |

- The headline inflation (CPI) in April 2026 surged, marked the highest reading since February 2023. The reversal was driven by a significant rise in domestic fuel prices in line with global crude oil prices. This pass-through pushed up public transportation fares as well as house rents and cleaning products. In addition, prices of prepared/ready-to-eat food rose as operators passed higher raw material and transportation costs onto selling prices, while fresh vegetables and chicken eggs climbed due to extremely hot weather reducing market supply. On the other hand, the core inflation also accelerated, reflecting broader cost pass-through into non-food and non-energy items, particularly prepared food, housing rent, and certain personal care products as promotional campaigns ended.
- Producer Price Index (PPI) also edged up mainly due to higher prices of key goods in line with global oil prices, driven by Middle East conflicts that raised supply risks and transport costs.

# Thailand's GDP growth in Q1/2026 surprised on the upside, led by private investment and merchandise exports with increasingly broad-based momentum

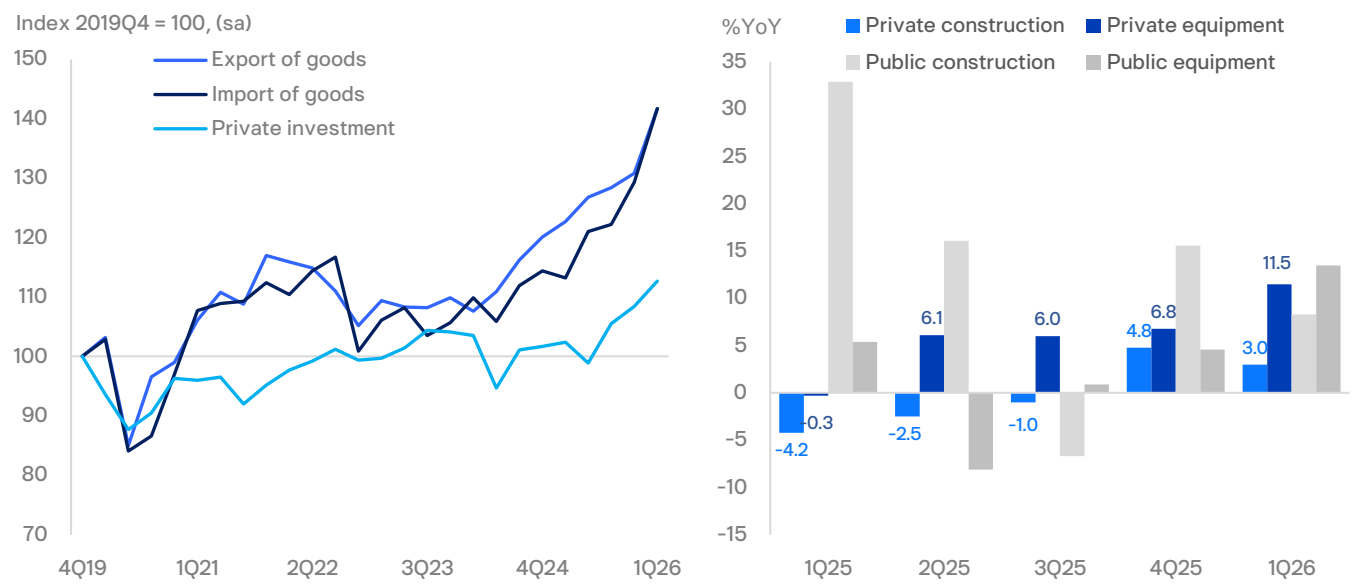
## Real GDP growth



## GDP growth composition

| % compared to previous year (%YoY) | 2024       | 2025       | 2024       |            |            | 2025       |            |            |            | 2026       |
|------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                    |            |            | Q2         | Q3         | Q4         | Q1         | Q2         | Q3         | Q4r        | Q1         |
| <b>GDP</b>                         | <b>2.9</b> | <b>2.4</b> | <b>2.7</b> | <b>3.3</b> | <b>3.7</b> | <b>3.1</b> | <b>2.8</b> | <b>1.2</b> | <b>2.5</b> | <b>2.8</b> |
| Private consumption (64%)          | 4.4        | 2.7        | 4.6        | 3.2        | 3.3        | 2.4        | 2.5        | 2.5        | 3.3        | 3.2        |
| Private investment (18%)           | -1.9       | 3.5        | -7.0       | -2.8       | -2.5       | -0.9       | 4.1        | 4.5        | 6.5        | 10.1       |
| Government consumption (16%)       | 2.6        | 0.6        | 0.2        | 6.1        | 5.8        | 3.4        | 2.4        | -3.9       | 1.3        | 3.4        |
| Public investment (8%)             | 4.5        | 8.9        | -4.6       | 24.9       | 38.8       | 25.7       | 10.2       | -5.3       | 13.3       | 9.4        |
| Export of goods (70%)              | 4.4        | 11.9       | 2.5        | 7.6        | 9.0        | 14.2       | 14.3       | 10.7       | 8.7        | 15.5       |
| Import of goods (63%)              | 4.4        | 9.8        | -1.7       | 8.2        | 7.9        | 3.1        | 14.4       | 9.1        | 12.8       | 25.4       |
| Export of Service (12%)            | 22.8       | -1.9       | 20.3       | 16.3       | 19.8       | 5.2        | 0.1        | -6.5       | -5.4       | 1.0        |
| Import of Service (12%)            | 10.7       | -5.2       | 11.0       | 13.7       | 4.7        | -3.7       | -5.7       | -6.8       | -2.7       | 5.2        |

## Growth path development (Demand side) Gross investment growth



- In Q1/26, Thailand GDP growth expanded by 2.8%YoY, accelerating from 2.5%YoY in Q4/25 (+0.7%QoQsa), which was dramatically higher than market expectation of 2.2%YoY. The major attribution was relatively broad-based including domestic and external demand. Overall consumption and investment continued to grow, while exports of goods and services also accelerated. In addition, NESDC maintained the GDP growth forecast of 2026 to grow 1.5-2.5% (mid-range 2%).
- ttb analytics pointed that Thai economic growth was temporarily driven by investment and external trade. Total investment rose notably, led by transport equipment and a robust increase in machinery and equipment, in line with a surge in computer and electronics imports. Meanwhile, exports were supported by strong US demand, with shipments to the US jumping 41.9%, largely concentrated in electronics, benefiting from temporary US tariff exemptions.

Source: NESDC, ttb analytics Remark: (.) indicates share to GDP

# ttb analytics revised Thailand's 2026 GDP growth forecast, despite government support measures cushioning the economy amid inflationary pressure

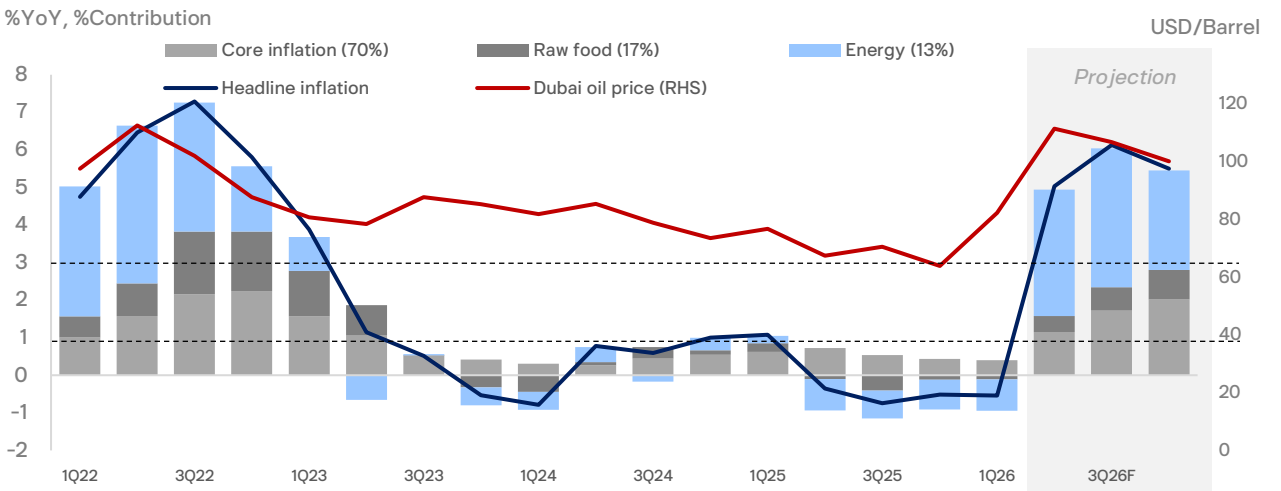


## Economic indicators 2022-2026F

| (%YoY)                     | 2023 | 2024r | 2025 | 2026F   |
|----------------------------|------|-------|------|---------|
| GDP                        | 2.0  | 2.9   | 2.4  | 1.7 ▲   |
| Private consumption        | 6.7  | 4.4   | 2.7  | 2.0 ▲▼  |
| Private investment         | 3.1  | -1.9  | 3.5  | 2.3 ▲   |
| Government consumption     | -4.6 | 2.6   | 0.6  | 0.9 ▼   |
| Public investment          | -4.2 | 4.5   | 8.9  | 1.7 ▼   |
| Export value*              | -1.5 | 5.5   | 12.9 | 6.7 ▲   |
| Import value*              | -3.9 | 5.9   | 12.9 | 10.6 ▲  |
| Foreign arrivals (million) | 27.5 | 35.5  | 33.0 | 32.0 ▼  |
| Headline inflation         | 1.2  | 0.4   | -0.1 | 3.7 ▲   |
| Policy rate (%year-end)    | 2.5  | 2.25  | 1.25 | 1.00 ▲▼ |

Source: NESDC, BOT and ttb analytics (Projection as of May 2026)  
 Remark: \*Custom basis, US Dollar 1/ ▲/▼ Increase/decrease compared to the previous forecast

## Inflation contribution and Dubai crude oil price, 2022-2026F



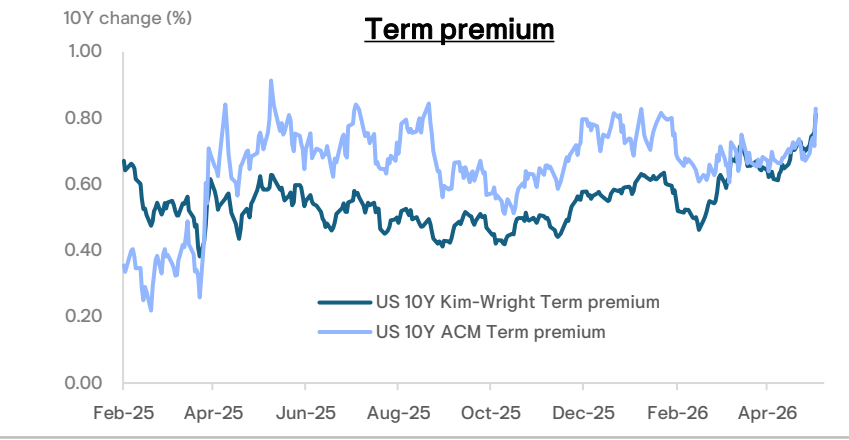
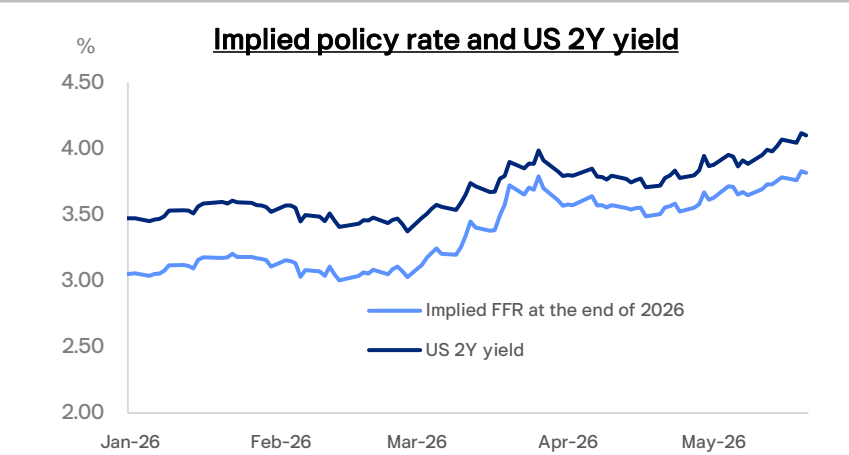
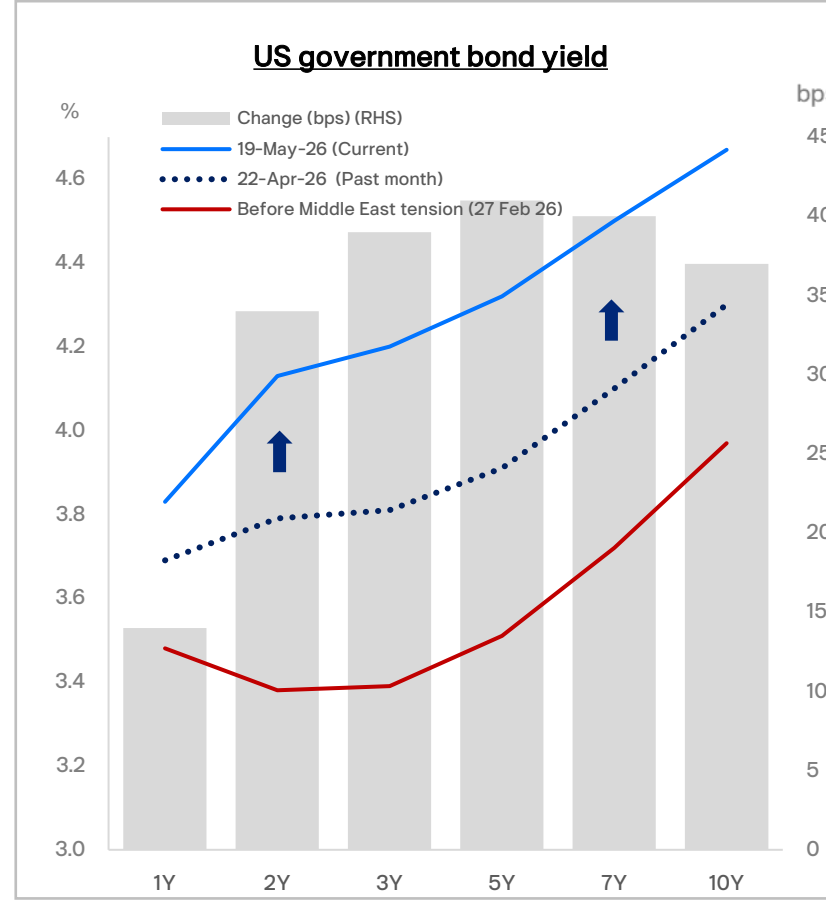
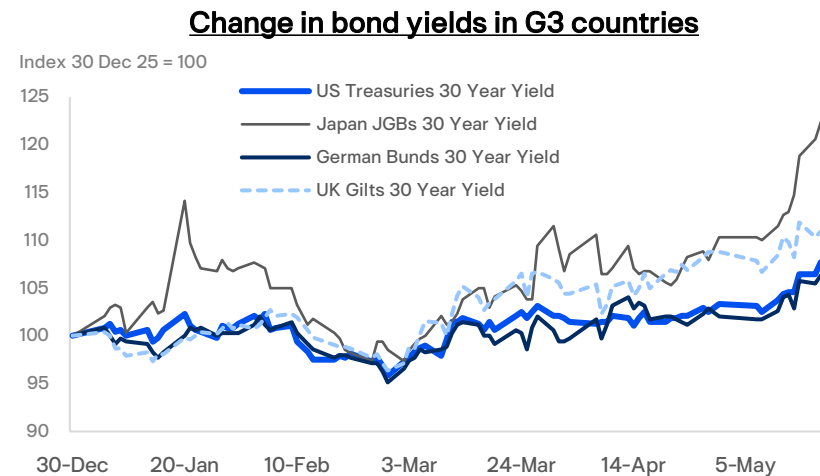
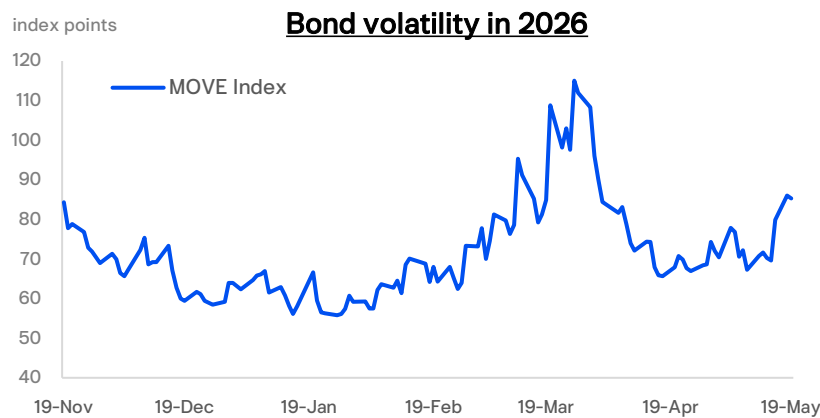
- ttb analytics projected Thai economy to grow by 1.7% in 2026, slowing from 2.4% in the previous year, amid a more severe and prolonged-than-expected Middle East conflict. The situation has driven up global energy prices and disrupted key supply chains, transmitting impacts to the Thai economy through multiple channels—particularly tourism, exports, and weakening purchasing power. Nevertheless, additional government support measures are expected to provide a positive boost, contributing around 0.4–0.8 percentage points to GDP.
- It was also assessed that headline inflation forecast for 2026 to 3.7%, accelerated from 0.1% contraction, particularly in the second and third quarter of the year, driven by broad-based increases in goods and services prices in line with elevated and persistently high energy prices, reflecting a gradual deregulation in line with global energy prices to ease the burden on the Oil Fuel Fund. In addition, rising raw material costs and risks from El Niño affecting agricultural prices are expected to exert upside pressure on inflation, increasing the likelihood of a more pronounced acceleration.

PART 3

# Financial Market

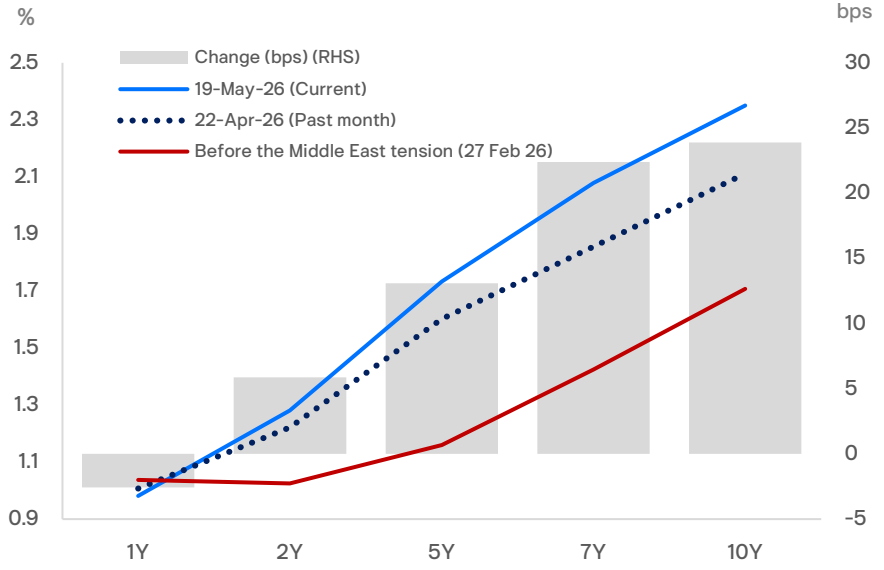


# Global bond yields rise as inflation risks are repriced amid Middle East tensions

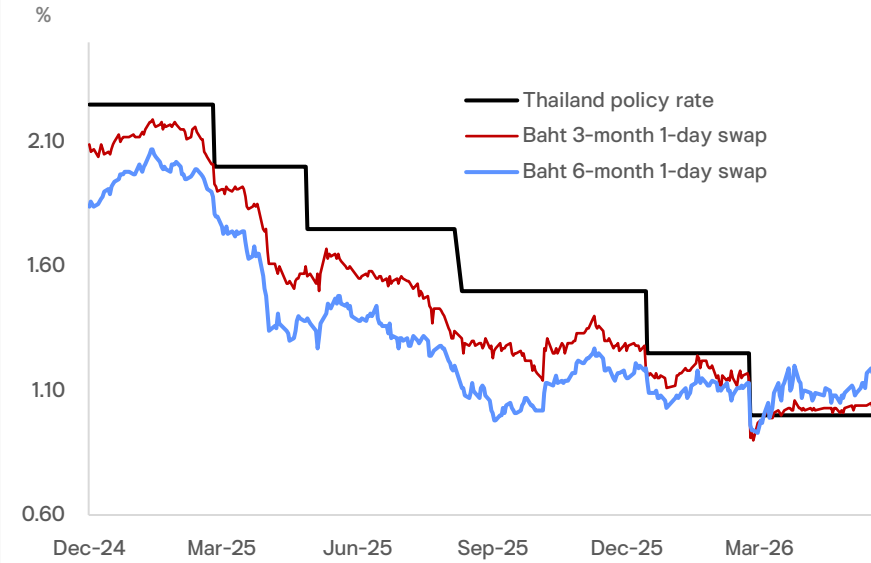


- Bond market volatility surged this month, with global yields rising sharply—particularly at the ultra-long end, which reached multi-year highs. The move appears driven by a repricing of inflation risks as Middle East tensions keep oil prices elevated, raising concerns over broader inflationary pressures. At the same time, fiscal worries have intensified in some regions, notably the UK, where political uncertainty has resurfaced amid developments involving Labour leadership.
- In the US, yields rose across the curve as recent economic data prompted markets to shift expectations from two Fed rate cuts to the possibility of a hike this year following the escalation in Middle East risks. The front end continues to track revised policy expectations, while longer maturities have demanded higher risk premia amid rising fiscal spending and heightened geopolitical uncertainty.

**Thailand government bond yield**



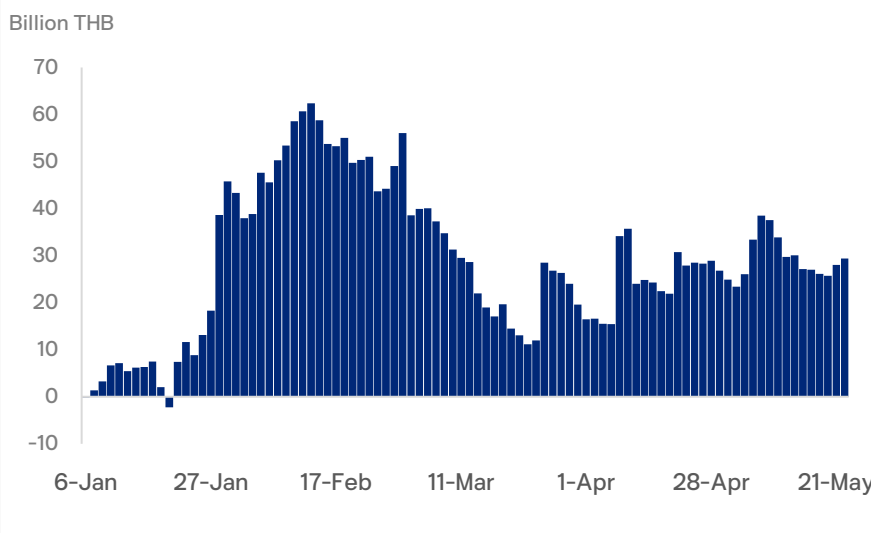
**Thai policy rate and market expectation**



**Thai 10Y bond yield z-score (252-day rolling window)**



**Thailand: Cumulative foreign bond flows (2026)**

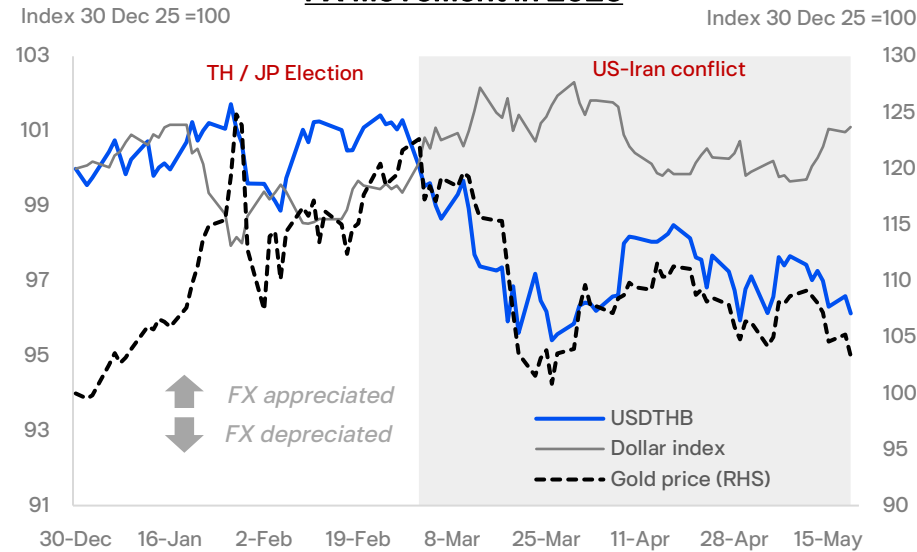


- Thai bond yields rise, especially the long-end tenors, tracking broader global trends. The 2Y yield starts to move higher following recent Q1 GDP data and elevated CPI readings, with swap markets increasingly pricing in potential Bank of Thailand policy adjustments later this year. Meanwhile, longer-term yields also follow global moves, alongside domestic factors such as additional government borrowing to finance stimulus measures. In terms of bond flows, foreign investor continue to post net inflows.
- Looking ahead, global bond yields will likely remain driven by developments in the Middle East. Current yields are elevated relative to policy rates, with z-scores above two standard deviations. While some correction may follow a de-escalation in Middle East tensions, yields are likely to remain structurally higher—especially at the long end—compared to pre-conflict levels. Given the Bank of Thailand’s policy stance and the impact of Middle East tensions adding to fiscal pressures, the Thai bond curve is likely to steepen further.

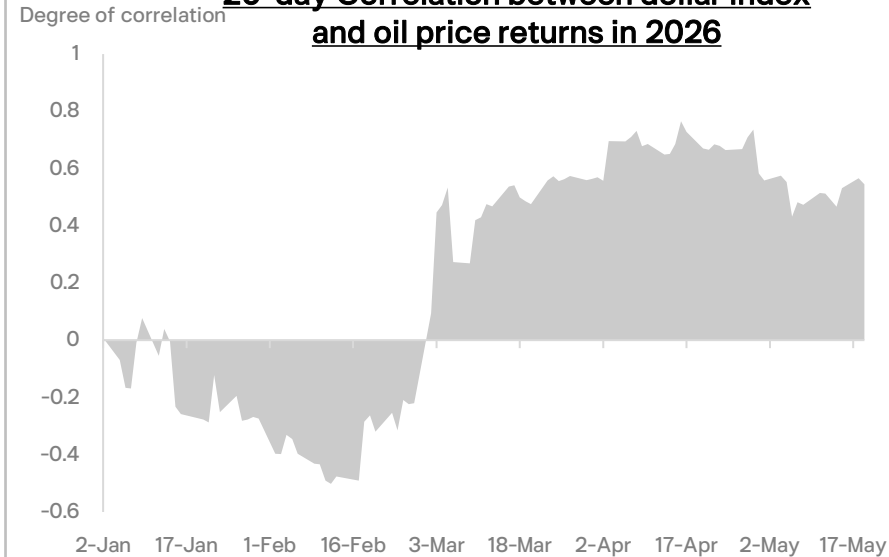
Source: Bloomberg, CEIC, and ttb analytics (Data as of 20 May 26)

# The dollar remains resilient, supported by persistent tensions in the Middle East

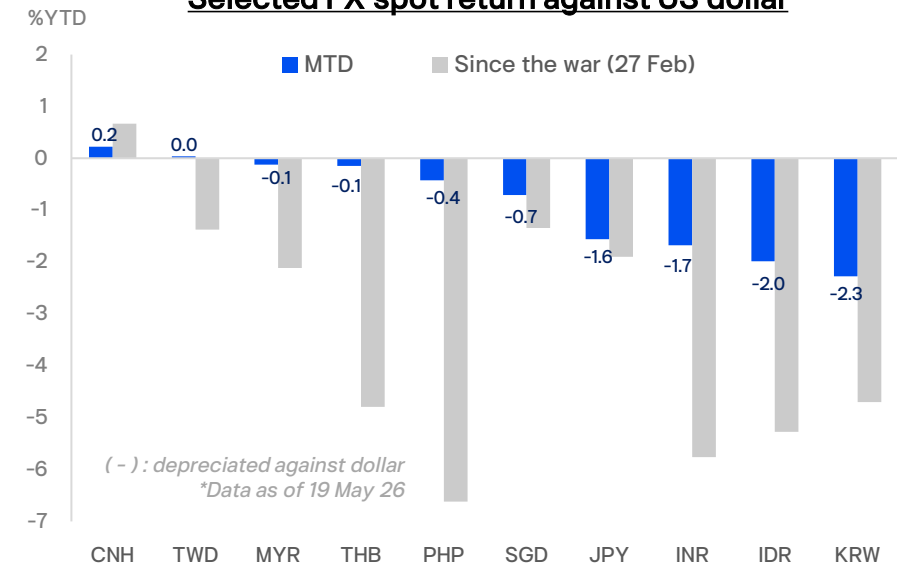
### FX movement in 2026



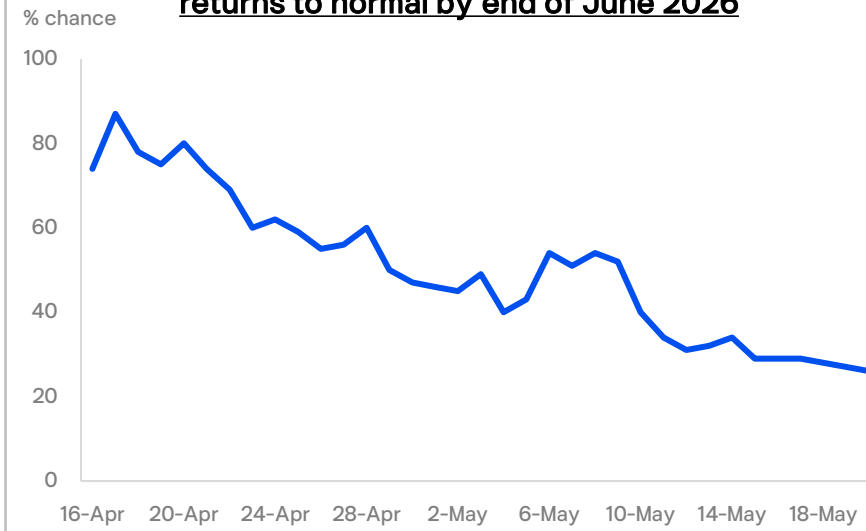
### 20-day Correlation between dollar index and oil price returns in 2026



### Selected FX spot return against US dollar

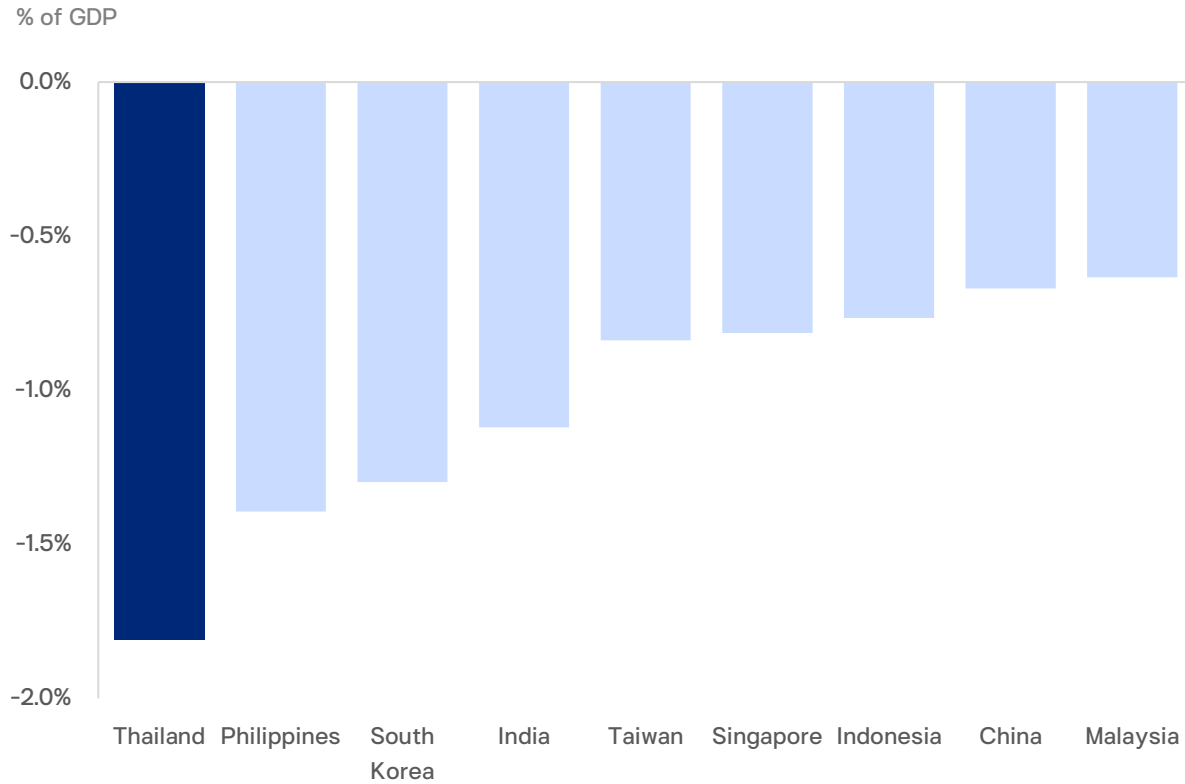


### Polymarket prediction of Strait of Hormuz traffic returns to normal by end of June 2026

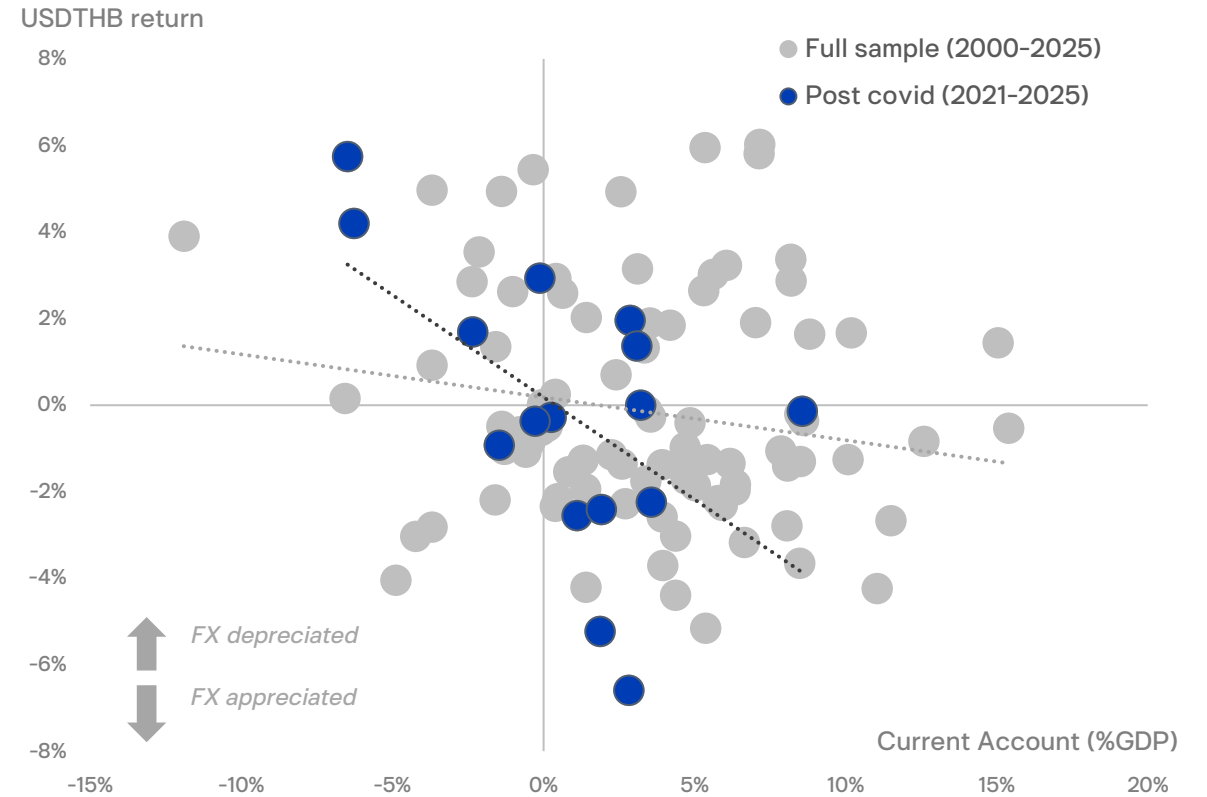


- The dollar has rebounded toward the 99 level, supported by persistent Middle East tensions and elevated oil prices that continue to underpin safe-haven demand. The move has also been reinforced by a repricing of inflation risks, with markets increasingly pricing in a potential Fed hike this year amid firmer price pressures and resilient labour data. In FX, most Asian currencies remain under pressure due to their exposure to energy imports, while the yuan has held up comparatively well, with recent Trump–Xi engagement helping to limit near-term depreciation pressure despite softer data momentum. The Thai baht has broadly tracked regional peers but remains below the 33.00 level.
- Looking ahead, FX markets are likely to remain driven by developments in Middle East tensions. With a low probability of the Strait of Hormuz fully reopening by June, the dollar should stay supported in the near term given its strong correlation with oil prices and still-resilient US data. Against this backdrop, risks for the Thai baht remain skewed toward continued range-bound weakness.

**Asia current account sensitivity to average 100\$ oil price\***



**Relationship between Thai Baht return and Current Account (Quarterly)**



- Given ongoing uncertainty surrounding Middle East tensions, the Thai baht faces a heightened risk of depreciation or is likely to remain in an elevated, range-bound pattern through the second half of this year.
- Apart from a shift toward more restrictive policy supporting dollar strength, another factor that could weigh on the baht is a weakening in the current account (CA). Historically, a softer CA tends to be associated with baht depreciation. With geopolitical tensions keeping oil prices elevated, import costs could rise and further pressure the external balance. In addition, risks from potential new Trump tariffs may become more visible in the second half of the year, with Thailand likely exposed given its relatively large trade surplus with the US.

**ttb** | a·n·a·l·y·t·i·c·s