Economic and Financial Outlook

ttb analytics

July 2026

Executive Summary

Global Economy

- The global economy continues to expand, with the June PMI data still pointing to growth led by the services sector. However, renewed US–Iran tensions have clouded the outlook. On inflation, lower oil prices over the past month helped ease CPI, particularly in DMs, although the recent escalation has kept inflation risks elevated.
- The US economy remains resilient despite softer inflation and weaker payroll growth, continuing to outperform the rest of the world. In contrast, China's economy has continued to lose momentum, as weak domestic demand has been only partly offset by robust AI-related exports. For monetary policy, global central banks remain cautious amid renewed US–Iran tensions.

Thai Economy

- In May 2026, overall economic activity had stable compared to the previous month. Domestic demand improved somewhat, supported by higher private consumption and investment. Nevertheless, merchandised export decelerated due to strong front-loaded shipments earlier, as well as manufacturing production output which also slightly contracted, particularly in export-led sectors.
- During 2025, foreign direct investment remains strong and help boosting Thailand economic growth, with record-high BOI applications and rising FDI inflows driven by major US firms, while investment activity is increasingly concentrated in advanced electronics, digital industries, PCBs, and food manufacturing.
- The headline inflation (CPI) in June 2026 continued to rise but at the slower pace compared to previous month. This was driven by lower fuel prices in line with global crude oil prices coupled with the restructure of domestic retail oil price. Meanwhile, prepared food prices have risen broadly and at a relatively rapid pace, leading to a noticeable increase in the cost of living associated with food consumption, and resulting in accelerated core inflation.

Financial Markets

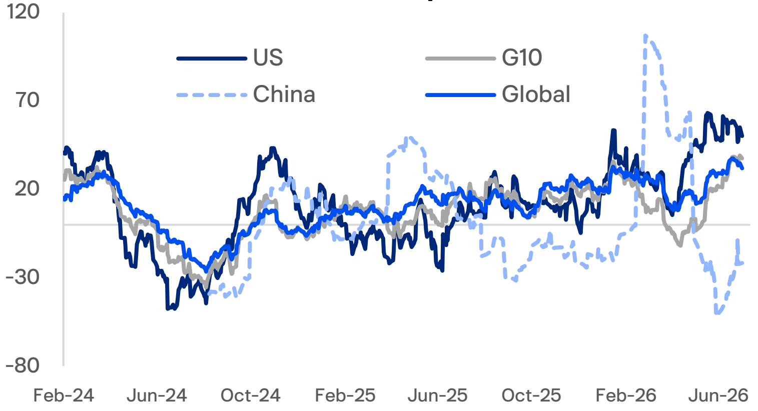
- US Treasury yields rose in a steepening move, with the 10-year yield climbing above 4.60% amid renewed US-Iran tensions despite softer inflation data. Meanwhile, Thai government bond yields declined across the curve, supported by expectations of a prolonged BoT pause, easing inflation and lower bond supply.
- The US dollar remained resilient, with the index staying above 100 despite softer US inflation that led markets to scale back Fed hike expectations. Meanwhile, Asian currencies weakened as higher oil prices weighed on the region. The Thai baht was among the weakest regional currencies, depreciating beyond 33.70 per dollar due to higher oil prices, wider interest rate differentials, and lower gold prices.

PART 1

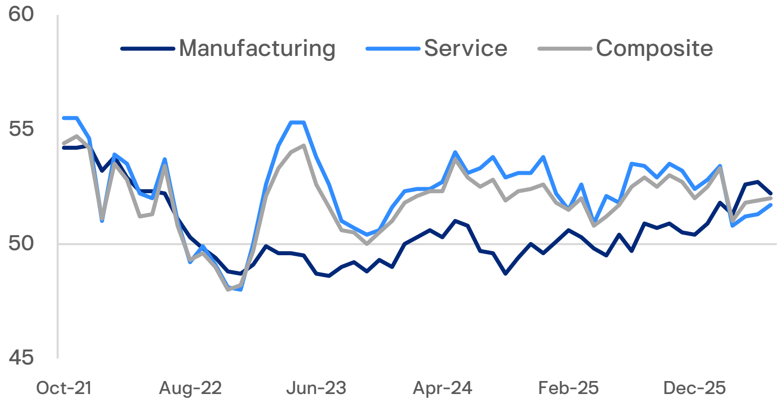
Global Economy

Global growth moderates amid rising geopolitical risks. Meanwhile, inflation shows sign of easing but outlook remains uncertain

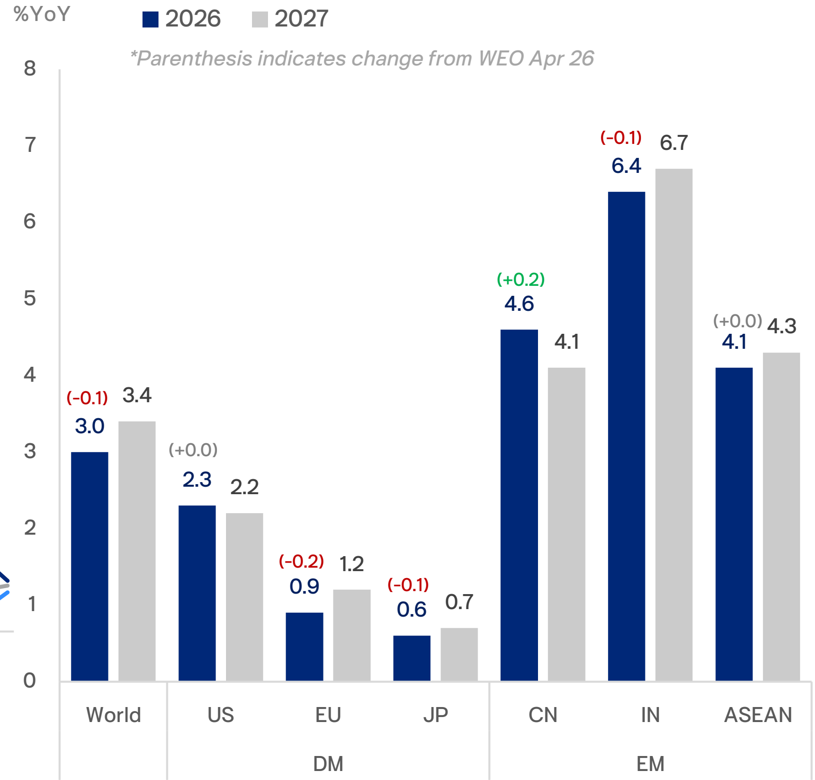
Economics surprise indices



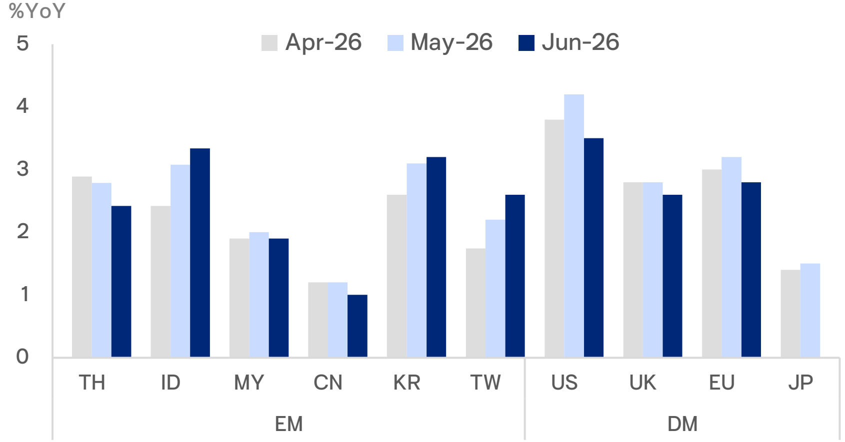
Global PMIs



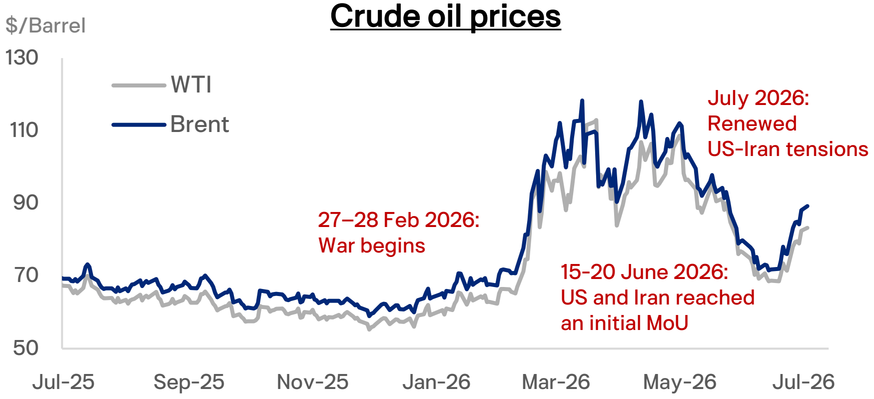
IMF economic projections for selected countries



Headline inflation across selected countries



Crude oil prices



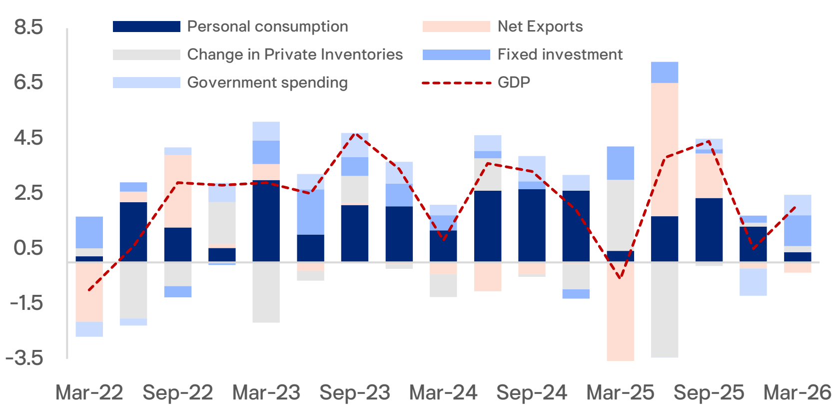
- The global economy continues to expand. June global PMI data indicate that economic activity remains in expansionary territory, although growth is becoming increasingly services-led. Meanwhile, survey data point to weak labor market conditions and persistent inflation, reinforcing expectations that major central banks will maintain a higher-for-longer policy stance. Renewed US–Iran tensions in July have heightened downside risks to the global outlook. Reflecting these developments, the IMF's July World Economic Outlook revised down its 2026 global growth forecast to 3.0%, citing the adverse impact of the Middle East conflict.

- On inflation, headline CPI has generally moderated, supported by the sharp decline in oil prices during June. However, renewed geopolitical tensions have pushed oil prices higher again, although they remain below their recent peaks. As a result, inflation risks remain a key factor to monitor going forward.

Source: Bloomberg, CEIC, IMF, and ttb analytics (Data as of 21 July 26)

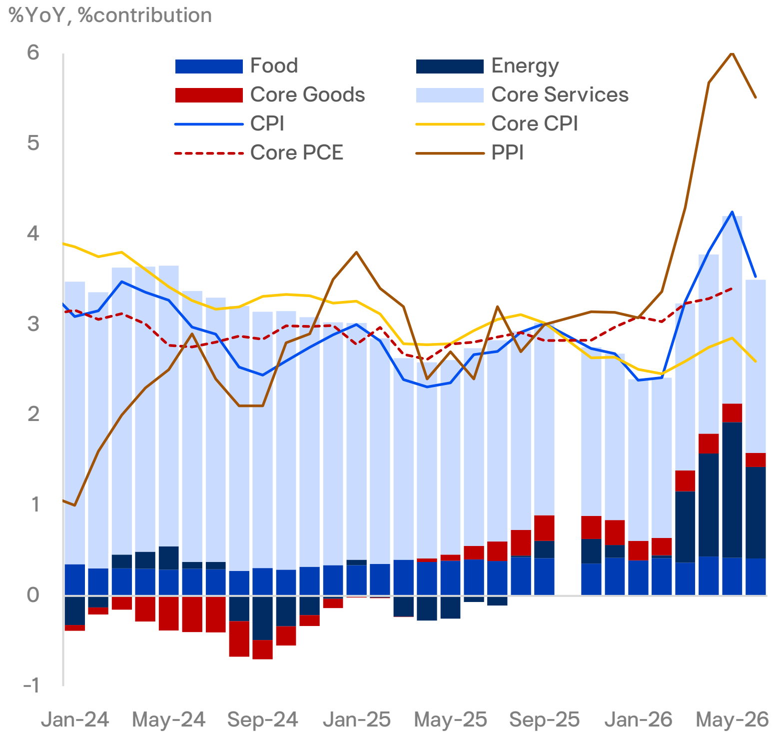
US economy remains resilient amid softer inflation and cooling labor market

US GDP

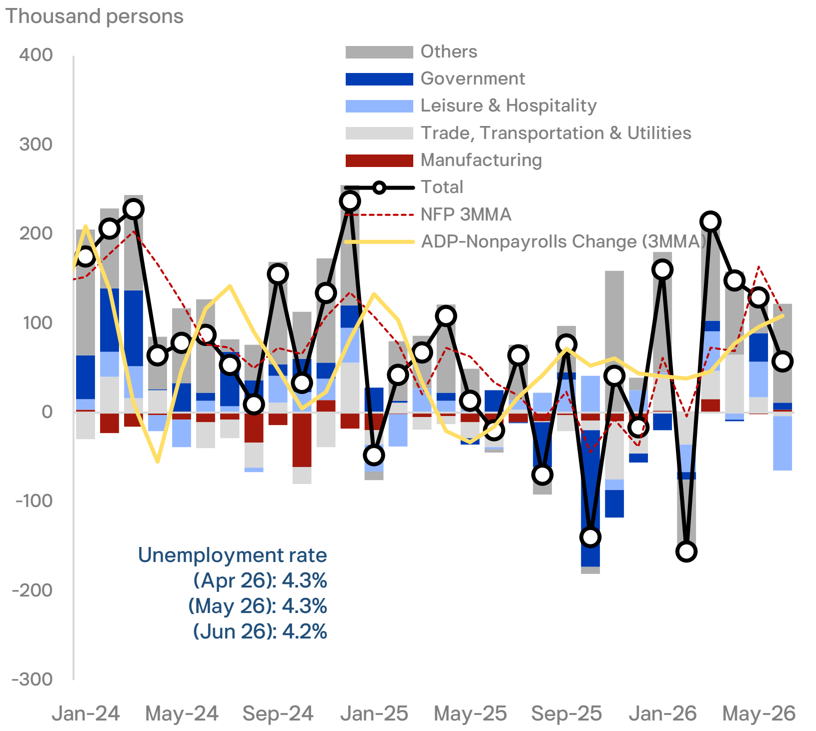


Retail sales

US Inflation



US labor market



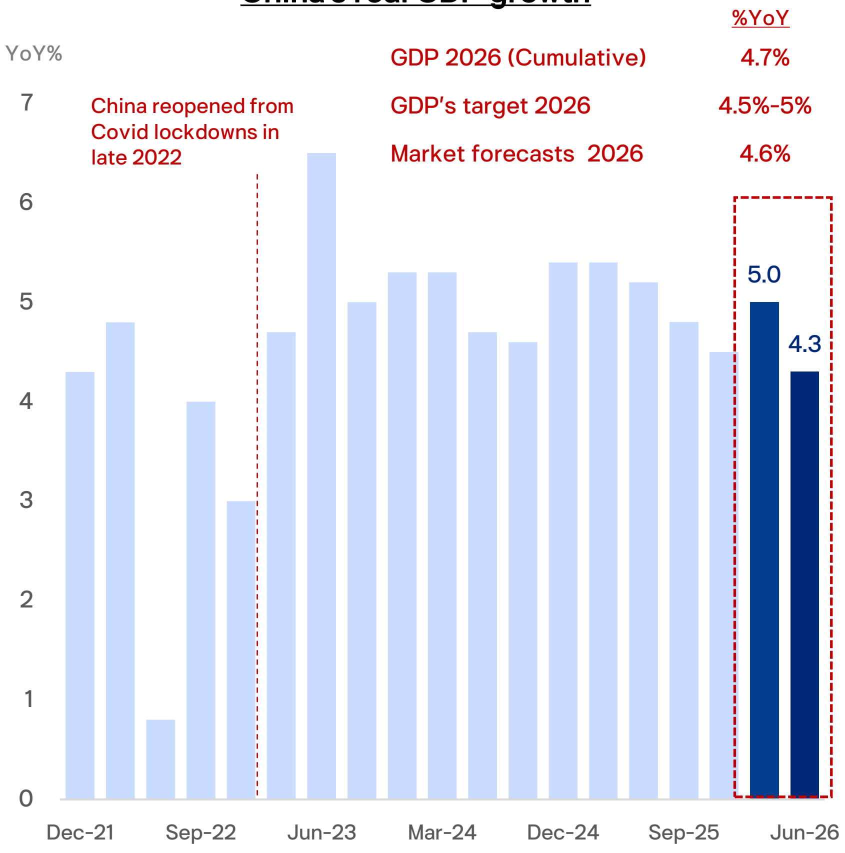
- The US economy remains resilient but is gradually losing momentum, with growth continuing to outpace most other developed economies. Final Q1 GDP growth was revised higher to 2.1%, largely reflecting stronger net trade, although consumer spending was weaker than previously estimated. More recently, June retail sales rose 0.2% MoM, in line with expectations. In addition, underlying consumption remained solid, with the control group increasing 0.5%.

- Inflation showed signs of easing in June, prompting markets to scale back near-term Fed hike expectations. Headline CPI fell 0.4% MoM and core CPI was unchanged, while both headline and core PPI came in softer than expected. Meanwhile, the labour market continued to cool gradually but remained resilient, with nonfarm payrolls rising by just 57k and prior months revised lower. However, unemployment held at 4.2%, wage growth remained steady, jobless claims remained low, and JOLTS data continued to signal solid labour demand.

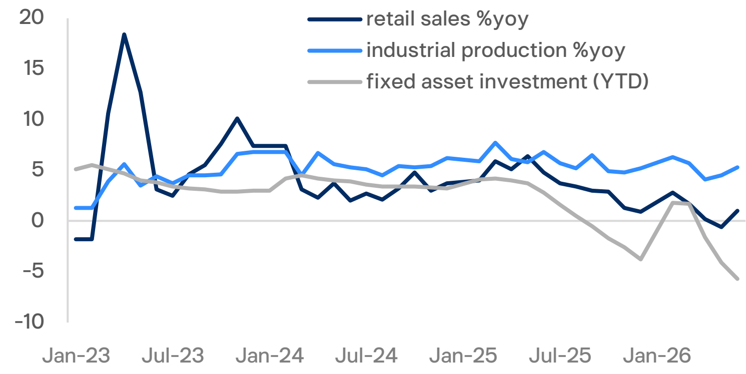
Source: Bloomberg, CEIC, and ttb analytics

China’s economy loses momentum as domestic demand remains weak

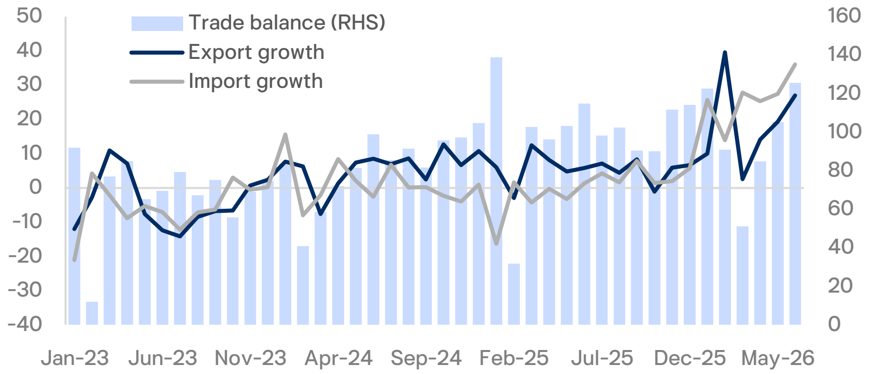
China's real GDP growth



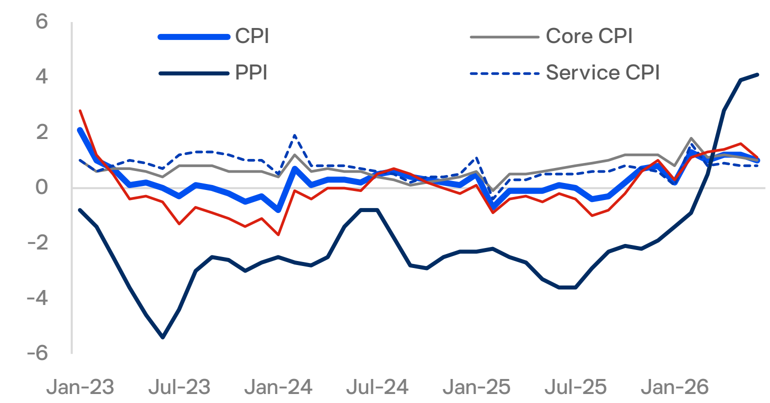
Other economics indicators



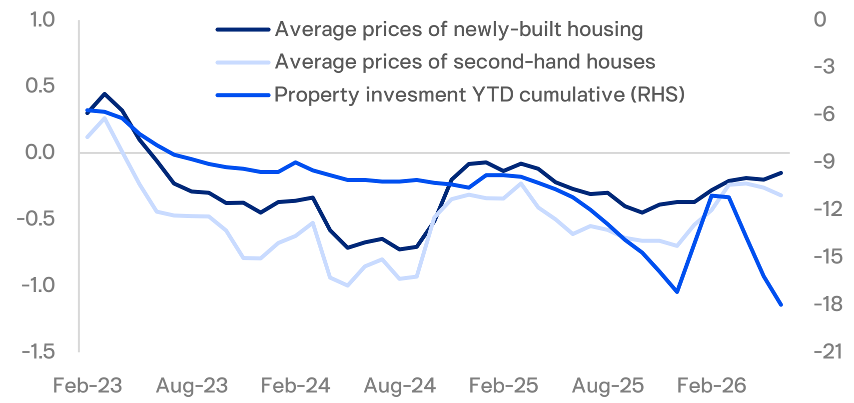
China’s export and import, trade balance



CPI and PPI



Property sector



- China’s economy expanded less than expected in the second quarter of 2026, as weak domestic demand offset robust export growth, highlighting persistent imbalances in the economy. GDP grew 4.3% YoY in Q2, below the 4.5% consensus and slowing from 5.0% in Q1, while quarterly growth eased to 0.9% from 1.3%. June data were mixed. Domestic demand remained weak, with fixed asset investment falling 5.7% for a third consecutive month amid the property downturn, while retail sales rose only 1.0%. Meanwhile, industrial production accelerated to 5.3% YoY, while exports and imports both exceeded expectations, driven by strong AI-related demand for semiconductors and computing equipment. The data highlights China’s continued reliance on external demand.

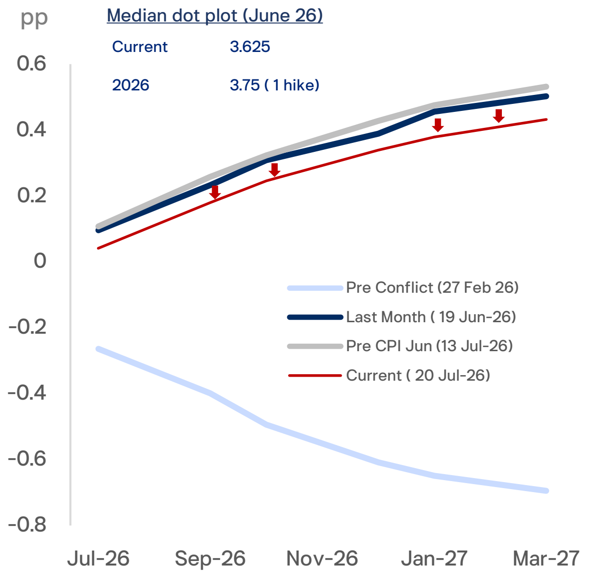
- For price stability, inflation remained contained, with producer price pressures likely peaking after the recent commodity-driven surge.

Source: Bloomberg, CEIC, IMF, and ttb analytics (Data as of 21 July 26)

Global central banks remain cautious amid renewed US–Iran tensions

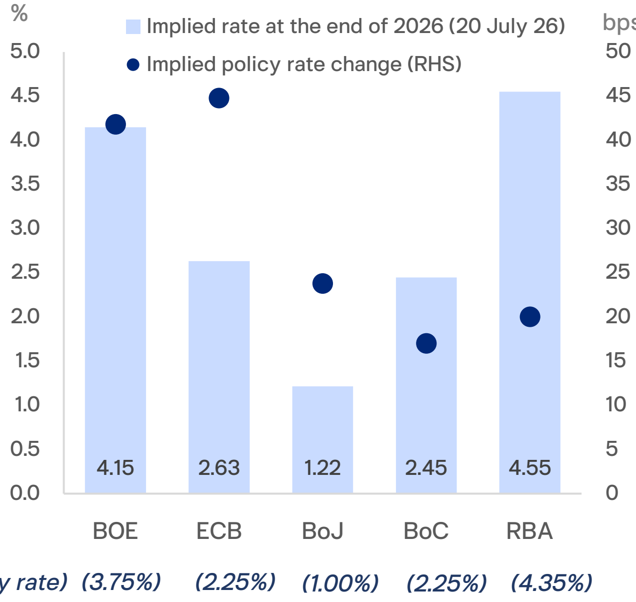
Expected policy rate changes by selected major central banks by the end of 2025

US policy-implied rate change



Notes: *The implied policy rate are based on FFR*

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



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	2.84 ⬆
KR	2.75	+25	2.99 ⬆
ID	5.75	+100	5.92 ⬆
IN	5.25	0	5.54 ⬆
PH	4.75	+50	5.22 ⬆
TW	2.00	0	2.07

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*

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

Latest Monetary Policy development

DM

- **The Fed is also widely expected to leave rates unchanged in July following softer June CPI and PPI data,** alongside a moderation in nonfarm payroll growth. Policymakers remain data dependent amid renewed US–Iran tensions.
- **The ECB is expected to keep interest rates unchanged at its July meeting,** supported by easing inflation and recent dovish comments from policymakers. However, renewed geopolitical tensions continue to pose upside risks to inflation, and markets still expect one rate hike by the end of Q3.
- **The BOJ is expected to keep policy unchanged in July** while continuing its gradual normalization path. With inflation risks remaining elevated, markets continue to anticipate another rate hike before year-end.
- **The BoE is expected to remain on hold** as cooling inflation and a softer labour market reduce the urgency for further tightening. Recent downside inflation surprises and easing wage pressures have led markets to scale back rate hike expectations.

EM

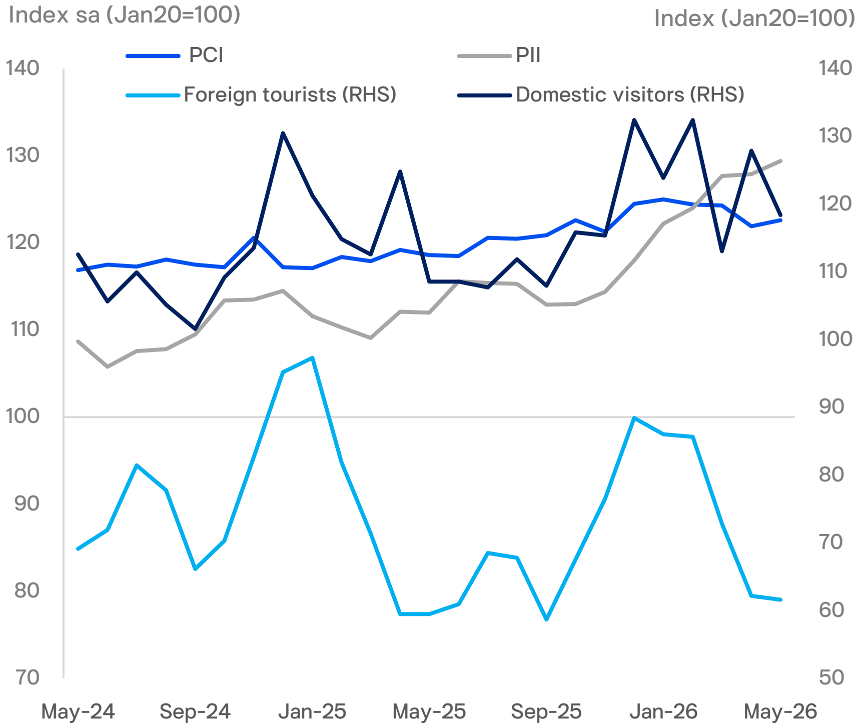
- **The PBOC remains the regional outlier,** with weak domestic demand and subdued inflation expected to keep monetary policy tilted toward further easing despite renewed geopolitical tensions.
- **Asian central banks balance inflation and growth differently.** BI and BSP are expected to maintain a tightening bias as inflation remains elevated, while the BoK has already raised rates in response to persistent inflation and resilient growth. In contrast, the BoT is likely to keep policy unchanged, balancing easing inflation against growth concerns.

PART 2

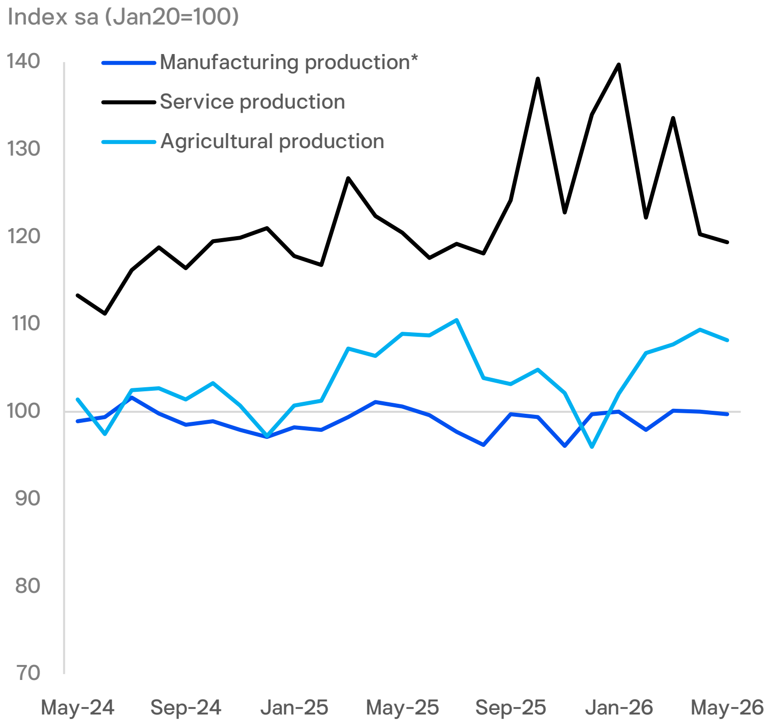
Thai Economy

In May 2026, Thailand economic activity remained relatively stable

Demand-side indicators



Supply-side indicators



- In May 2026, overall economic activity had stable compared to the previous month. Domestic demand improved somewhat, supported by higher private consumption and increased private investment. Nevertheless, merchandised export decelerated due to strong front-loaded shipments earlier, as well as manufacturing production output, which also slightly contracted, particularly in export-led sectors.
- In the stability front, the headline inflation in June 2026 decelerated, while prepared food prices have risen broadly, and resulting in accelerated core inflation.

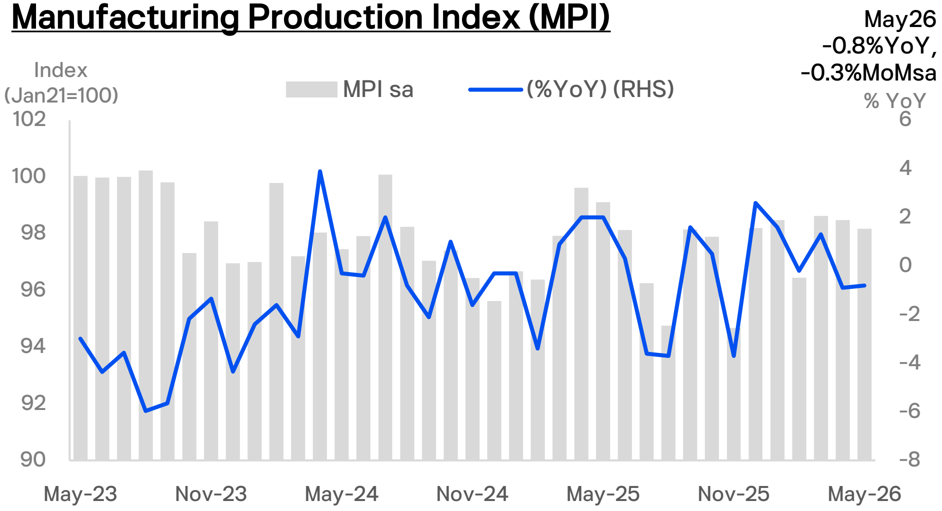
Leading Economic Index (sa) (Jan2020=100)

Leading Economic Index and Components (SA)	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Authorized Capital of Newly Registered Companies (Million Baht)	108.2	103.4	126.0	132.8	126.1	124.5	84.7	76.0	138.7	83.9	110.7	126.4	81.3
Construction Areas Permitted (1000 sq. m)	99.7	97.4	94.3	106.9	114.1	114.6	103.5	120.5	92.5	105.5	107.7	94.1	102.0
Export Volume index (exclude Gold)	132.4	125.6	125.9	126.6	128.4	129.7	132.6	134.0	144.2	140.8	143.9	145.3	144.4
Business Sentiment Index (3 months)	97.9	97.7	96.6	100.4	100.4	101.0	102.1	102.9	99.0	98.5	88.6	81.7	93.2
SET index	75.9	72.0	82.0	81.7	84.2	86.5	83.0	83.2	87.5	100.9	95.6	98.6	103.6
Oil Price Inverse Index (Dubai)	1.6	1.5	1.4	1.4	1.4	1.5	1.6	1.6	1.7	1.5	0.8	1.0	1.0

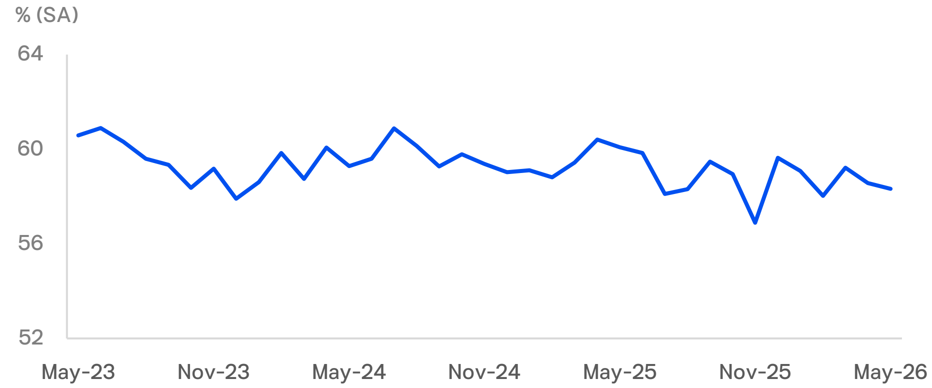
Source: Bank of Thailand and ttb analytics
*Remark: *rebase Jan21 due to OIE new rebase data*

Middle East tension continued to weigh down overall manufacturing output in May

Manufacturing Production Index (MPI)



Capacity Utilization (CapU)



MPI by sector (base year 2021)

Unit: % YoY

Contribution	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Food products (16.7%)													
Beverages (3.8%)													
Tobacco products (0.7%)													
Textiles (1.9%)													
Wearing apparel (1.6%)													
Leather products (0.8%)													
Paper products (2.1%)													
Coke and refined petroleum products (10.7%)													
Chemicals (8.8%)													
Pharmaceutical products (1.2%)													
Rubber and plastics products (8.8%)													
Other non-metallic mineral products (5.4%)													
Basic metals (3.4%)													
Fabricated metal products (2.3%)													
Computer and electronic products (9.4%)													
Electrical equipment (3.5%)													
Machinery and equipment (2.8%)													
Motor vehicles (11.2%)													
Other transport equipment (1.1%)													
Furniture (0.9%)													
Others (2.3%)													
MPI (%YoY)	**2.0**	**0.3**	**-3.6**	**-3.7**	**1.6**	**0.5**	**-3.7**	**2.6**	**1.6**	**-0.2**	**1.3**	**-0.9**	**-0.8**

- As of May 2026, Manufacturing Production Index (MPI) was slightly contracted from the previous month, weighed by lower automotive production regarding to weaker demand from the Middle East. Moreover, production of fertilizers also declined due to upstream supply shortage. Meanwhile, high production of other machinery particularly in air conditioning machines remained persisted regarding to strong domestic and foreign demand due to severe hot climate. The production of petroleum products and sugar also increased.

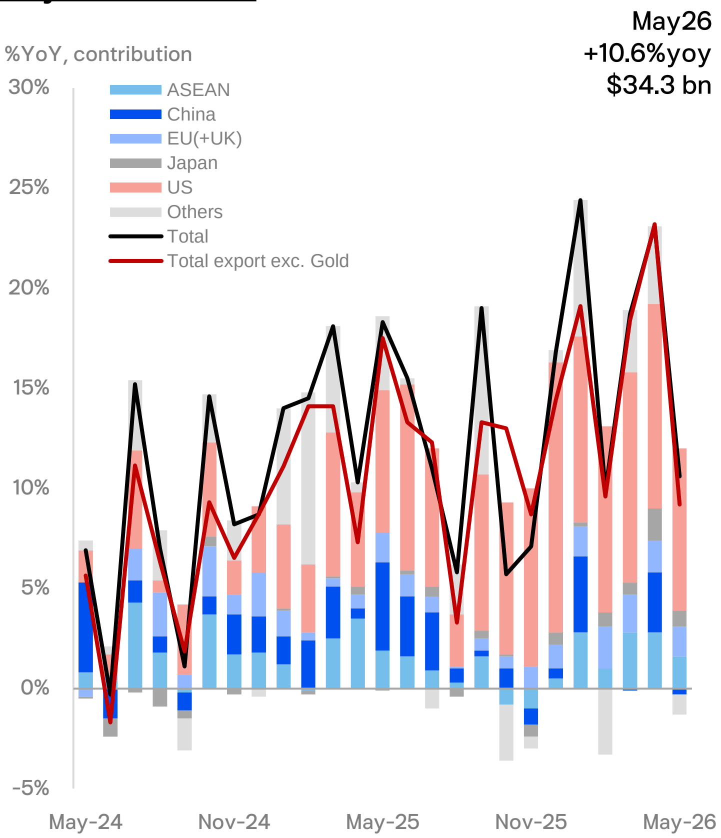
Source: Bank of Thailand, The Office of Industrial Economics and ttb analytics.

Export growth decelerated in May after strong front-loaded shipments

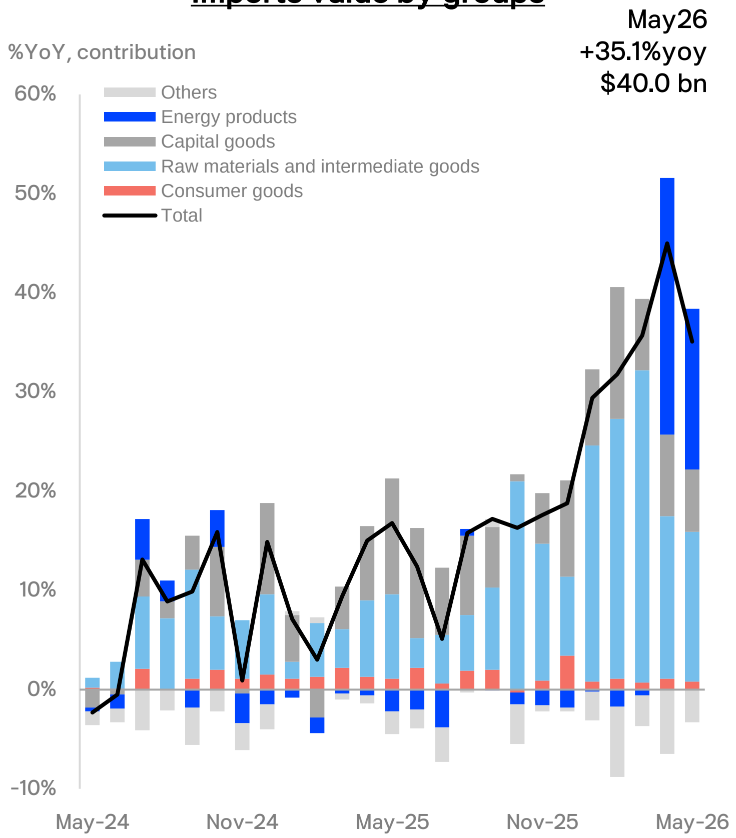
Exports value growth by major product and major destination

Unit: %YoY

	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Agri-agro products													
Rice	-9.9%	-41.2%	-16.3%	-30.0%	-31.4%	-38.6%	-18.7%	-27.4%	-23.9%	-5.8%	-19.2%	-12.2%	-16.4%
Rubber	-7.8%	-0.2%	-19.9%	-27.9%	-15.4%	-12.5%	-12.0%	-1.9%	-19.3%	-26.2%	-21.6%	-18.1%	-5.3%
Tapioca products	15.5%	5.7%	-12.6%	-5.6%	-9.8%	-19.2%	-28.8%	-4.0%	-21.4%	-19.1%	-17.2%	-18.3%	-38.4%
Fresh, Frozen & Dried vegetable and Fruit	11.8%	48.5%	74.0%	-11.0%	-35.6%	-16.4%	-24.5%	12.1%	34.5%	22.2%	-5.4%	52.1%	2.8%
Poultry	9.3%	15.8%	9.8%	-3.8%	6.4%	1.2%	-7.4%	14.6%	1.0%	-0.7%	-6.4%	-0.9%	-5.8%
Sugar	-1.0%	37.2%	36.2%	-14.2%	43.4%	8.9%	-10.9%	-8.4%	-36.5%	-52.9%	15.1%	-49.6%	-32.3%
Animal feeding	6.7%	10.9%	9.1%	-5.6%	2.9%	7.7%	1.1%	18.4%	8.2%	4.7%	4.0%	6.4%	3.1%
Industrial products													
Motor Cars, Parts, Accessories	15.2%	-8.5%	4.2%	1.3%	15.4%	14.9%	-5.9%	5.4%	11.3%	7.8%	0.9%	6.8%	-11.4%
Computer and parts	103.9%	57.7%	61.0%	44.1%	57.9%	67.8%	59.9%	51.5%	68.2%	49.8%	34.2%	68.7%	26.8%
HDD	42.1%	13.0%	14.9%	-6.8%	-7.2%	15.3%	-16.2%	-14.5%	27.3%	-2.3%	-20.2%	37.3%	6.8%
Integrated Circuits	41.4%	46.2%	54.9%	37.0%	8.1%	10.8%	17.1%	14.6%	10.9%	6.3%	7.8%	19.4%	-0.5%
Air Conditioning Machine	8.0%	9.7%	6.8%	-14.0%	-5.9%	-2.9%	-14.6%	8.2%	3.8%	2.0%	1.7%	1.1%	-5.1%
Refrigerating	50.6%	40.8%	56.8%	22.4%	86.3%	69.9%	25.1%	45.1%	48.3%	24.6%	33.3%	-10.9%	-14.5%
Electronic Machines	53.2%	33.5%	35.2%	28.3%	42.6%	38.8%	46.2%	52.8%	67.0%	56.8%	43.8%	64.6%	32.5%
Plastic pallet	-4.4%	0.7%	-7.1%	-8.7%	-4.3%	-6.6%	-11.4%	-12.2%	-7.5%	-4.4%	-12.9%	14.0%	17.4%
Chemical Products	-1.3%	-4.3%	-15.2%	-8.5%	-0.6%	-5.0%	-13.6%	-4.2%	0.6%	-6.9%	9.7%	6.9%	9.8%
Machinery & Parts	34.4%	16.3%	44.1%	10.2%	11.3%	2.5%	5.1%	22.8%	9.7%	28.4%	16.6%	29.3%	-2.1%
Rubber Products	34.3%	22.4%	9.7%	-3.1%	7.4%	1.3%	-12.1%	-0.3%	-5.6%	0.6%	5.7%	14.0%	-1.0%
Refined oil	-20.1%	-20.1%	-43.5%	-23.7%	-30.4%	-22.1%	-31.8%	-15.2%	14.9%	-17.8%	24.6%	17.8%	30.1%
Jewelry ex gold	2.3%	8.4%	41.9%	24.4%	16.9%	25.8%	66.7%	-24.3%	4.5%	-30.0%	86.4%	29.5%	3.2%
Total export	18.3%	15.5%	11.0%	5.8%	19.0%	5.7%	7.1%	16.8%	24.4%	9.9%	18.7%	23.1%	10.6%



Imports value by groups

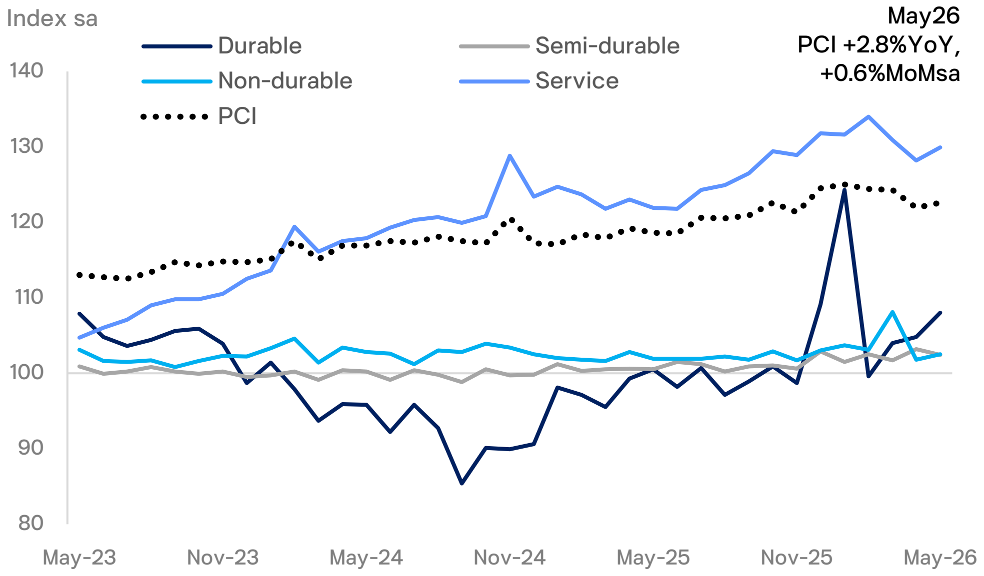


- Thailand's export growth slowed in May 2026. Export to the US remained convincing the growth, while export to other partners marked a slowdown, especially in China. Key export growth continued to be driven by industrial products but at a slower pace e.g., electronics and electrical appliances and HDD. Besides, export of automotive products declined in both passenger cars and pickup truck. Moreover, the export growth of most agricultural-related products also slumped including rice, rubber, tapioca and food. On the other hand, the import value remained solid, led by most import product categories, but marking lower import of other product categories particularly in automotive products, resulting in the trade deficit of USD 5.7 billions. (First 5 months of 2026, trade deficit of USD 25.2 billions)

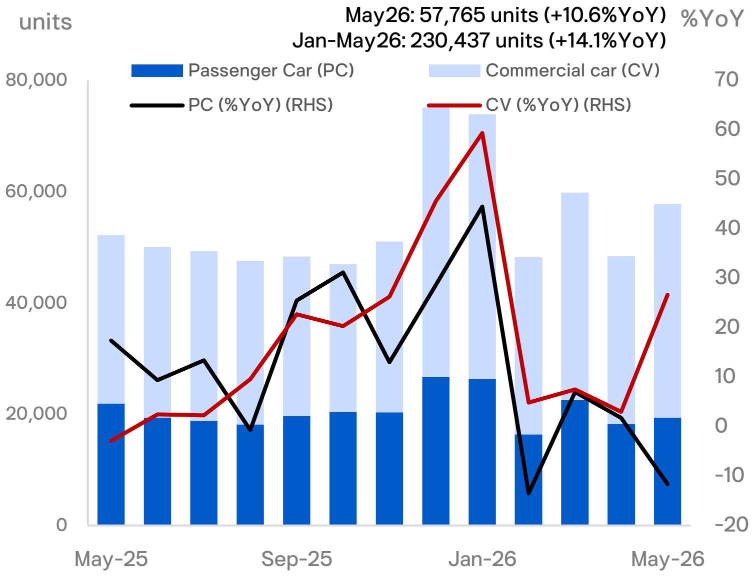
Source: Ministry of Commerce and ttb analytics Remark: Custom basis

Private consumption indicators increased modestly, while the Farm Income Index recorded strong growth, driven primarily by higher major agricultural prices

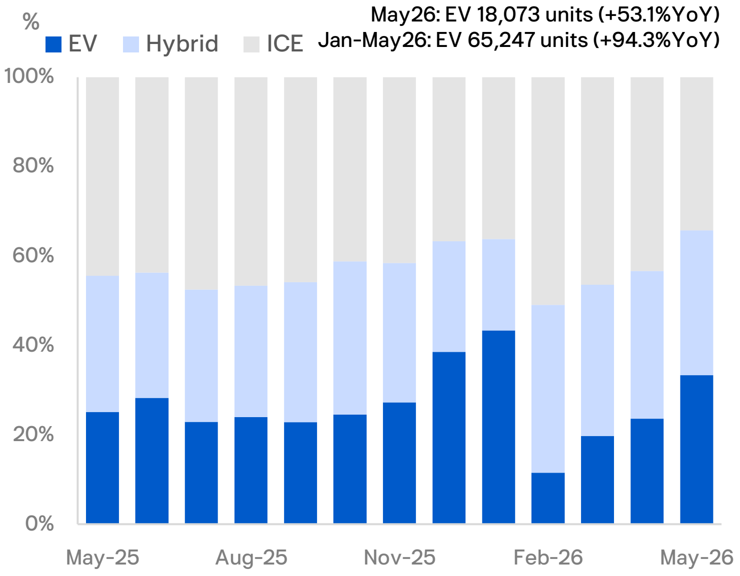
Private Consumption Indicators (SA)



Domestic car sales**

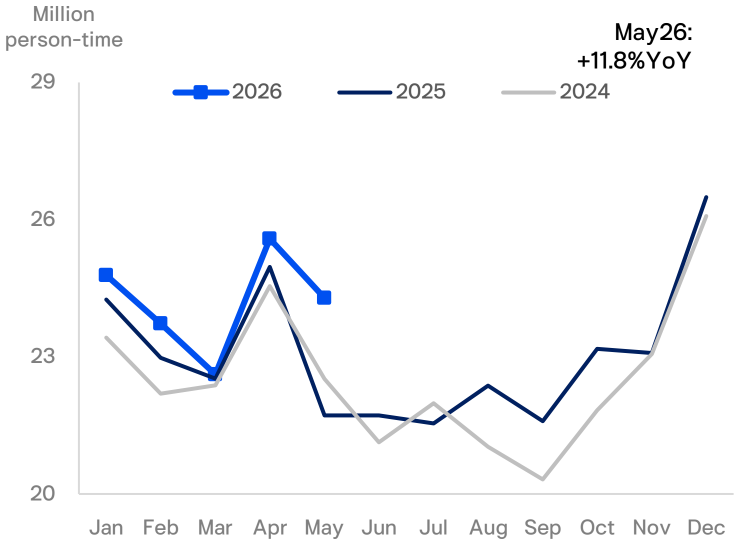


EV penetration of type 1 registration

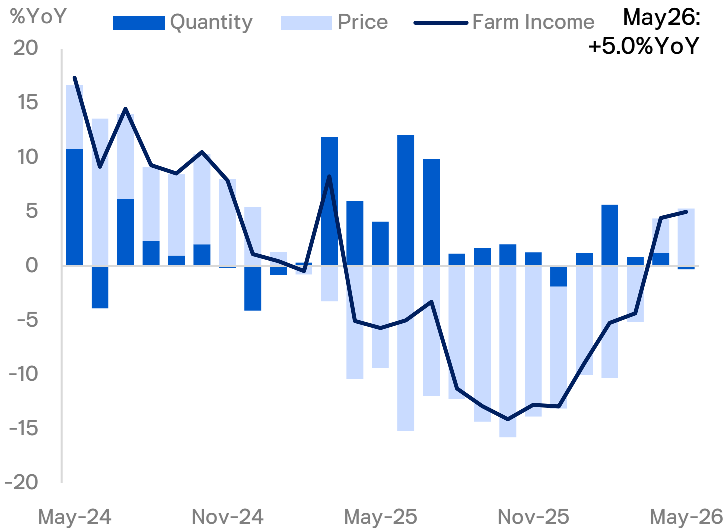


- Private consumption indicators increased slightly from the previous month. The improvement was driven by higher spending on durable goods, particularly passenger cars and a modest increase in non-durable goods consumption, as fuel sales volumes gradually normalized following earlier stockpiling at the onset of the conflict. Meanwhile, spending on services remained broadly stable, in line with domestic tourism activity. However, expenditure on semi-durable goods declined, reflecting lower imports of textiles and apparel.
- Farm income index continued to grow, mainly due to price effect. Specifically, prices of oil palm and rubber increased considerably due to higher demand triggered by Middle East conflicts amid lower supply.

Thai domestic visitors*



Farm Incomes

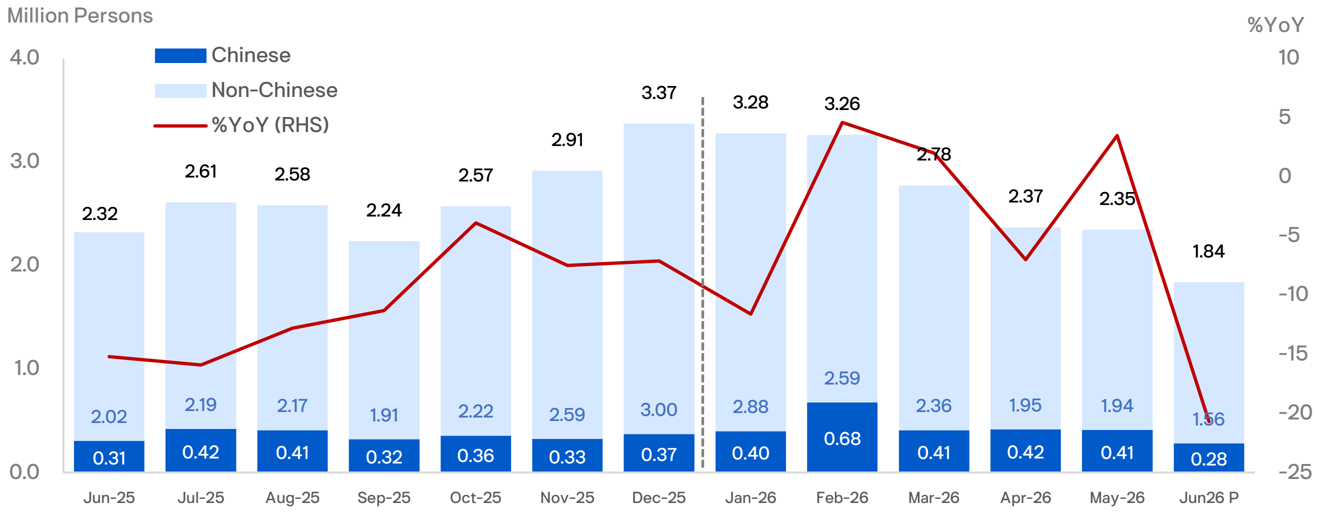


Source: Bank of Thailand, The Federation of Thai Industries, CEIC and ttb analytics

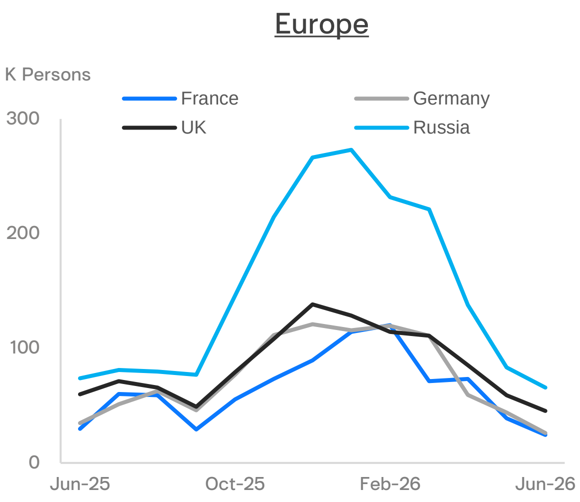
*Remark: *Data not include replication in number of visitors **Commercial Vehicle (CV) * covering pickup, PPV and others commercial car, Passenger Car (PC) ** covering sedan and SUVs,*

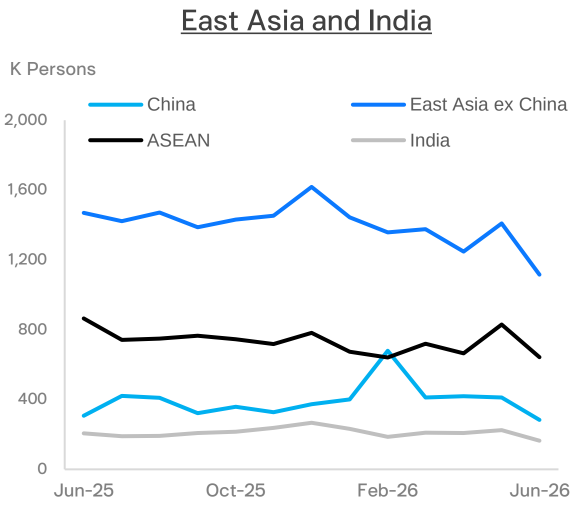
Tourist arrivals fell across most source markets, preliminary data showed

Total Foreign Tourist Inbounds

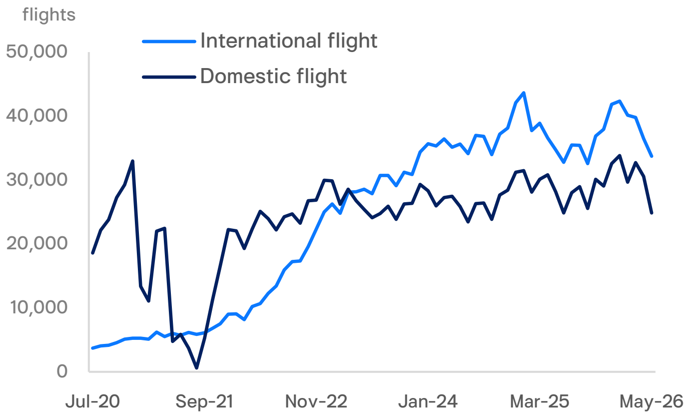


Foreign Tourist Inbounds by key regions

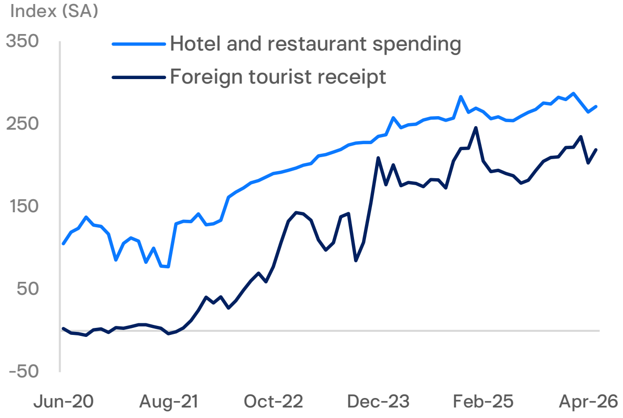


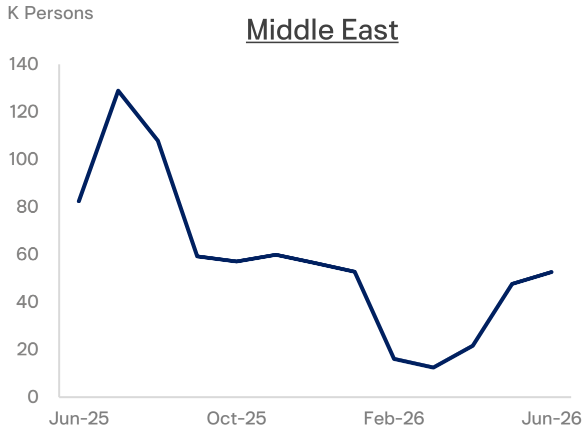


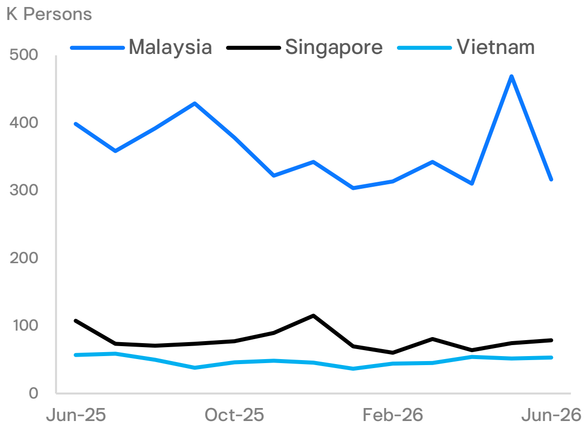
Number of flights via Thailand's airports (total)



Tourism spending indicators



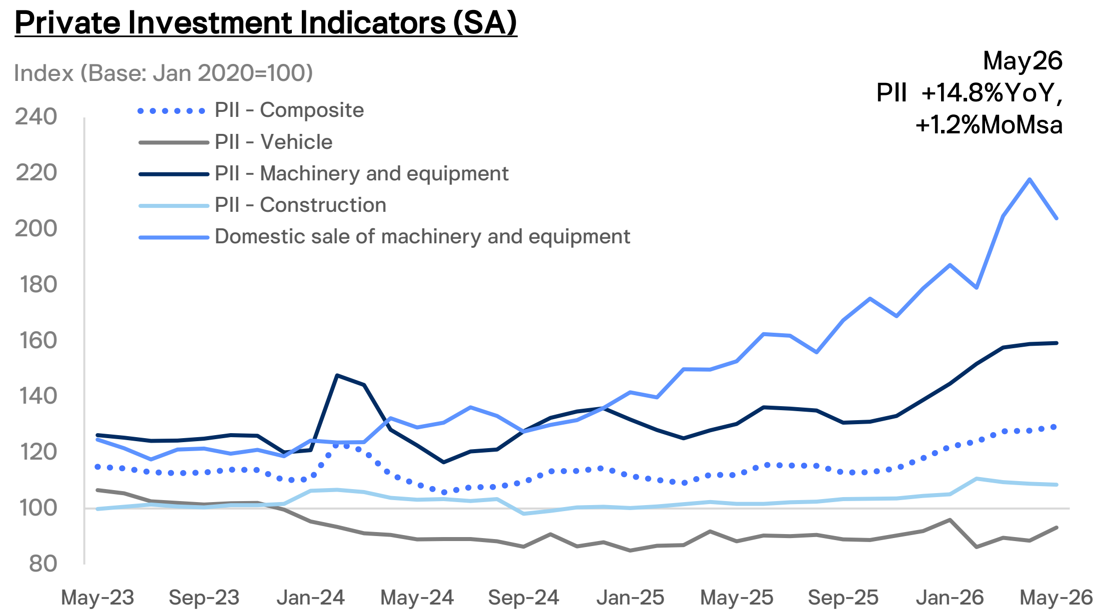


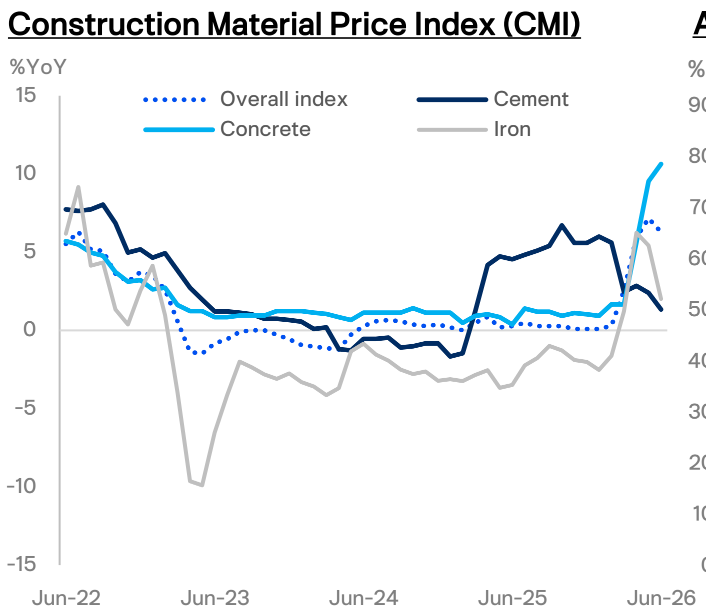


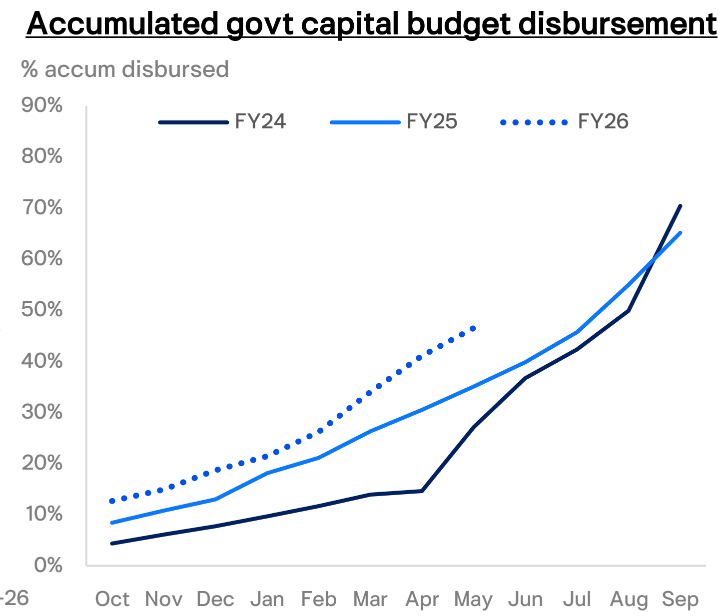
- In June 2026, the preliminary data of foreign tourist arrivals indicated a continued decline compared to the previous month. Escalating tension sparked the safety concerns, together with lower flight available and airspace closure in the conflict zone, which pressured on number of tourist arrivals from European countries. Other long-haul tourists also dropped led by the America. Moreover, Tourists from China and India declined sharply. However, tourists from Middle East continued to rise from preceding months.

Source: CEIC, TAT Intelligence Center and ttb analytics Remark: 1/ Preliminary data due to an error in the foreign tourist statistics data collection system during 22–25 June 2026

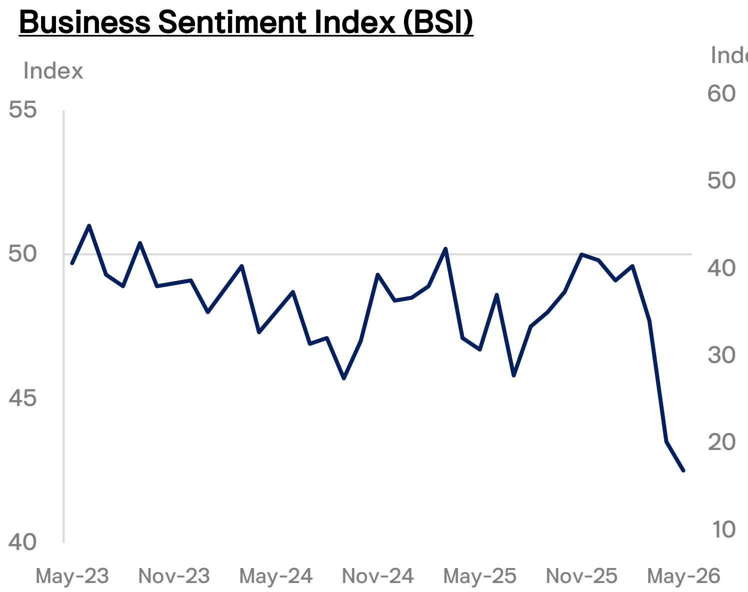
Despite resilient private investment indicators, the BSI continued to decline amid persistent concerns over Middle East tension

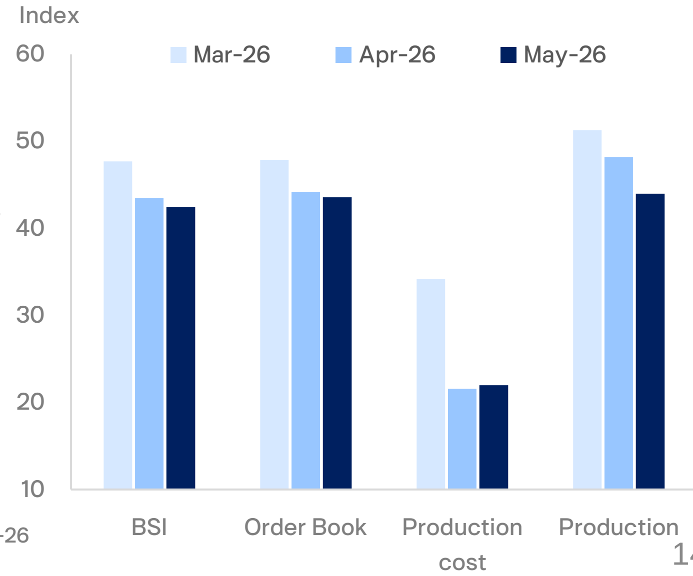






- Private investment increased from the previous month, driven primarily by stronger investment in the transportation equipment category. This was supported by higher passenger car registrations and increased imports of vessels by transportation businesses. Net imports of capital goods also rose, particularly computers and office equipment. Meanwhile, investment in machinery and equipment remained broadly stable.
- BSI in May 2026 continued to slump and hit its lowest level in almost five years due to ongoing Middle East tension, led by manufacturing sectors across almost sub-categories while non-manufacturing sectors had stable.
- Overall CMI index in June 2026 decelerated due to lower costs of energy-intensive productions. Meanwhile, the concrete products were also affected by higher diesel prices. Prices of lumber and wood also declined.

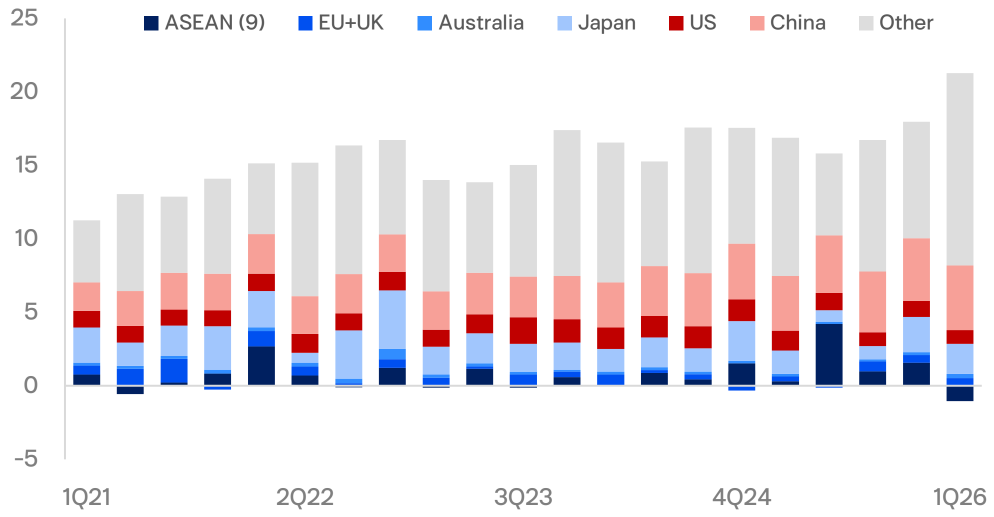




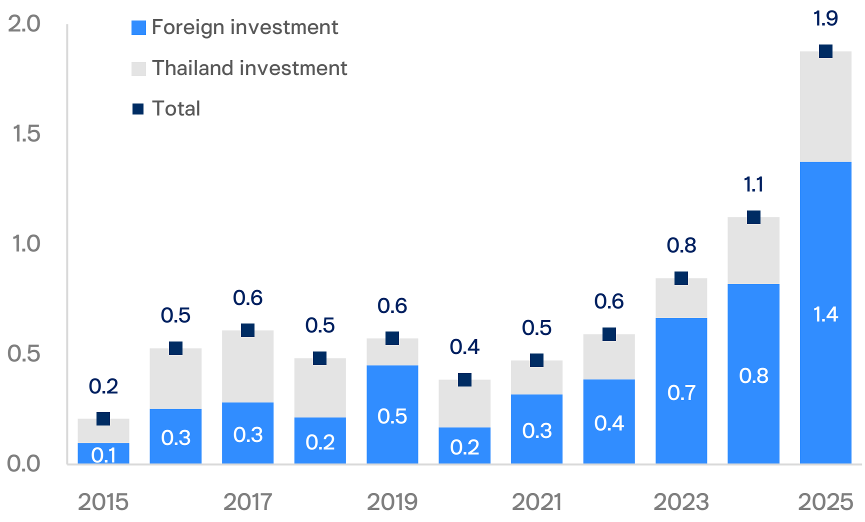
Source: Bank of Thailand and ttb analytics.

Foreign investment has continued to strengthen, with net FDI inflows rising significantly in recent years, digital sector led the growth

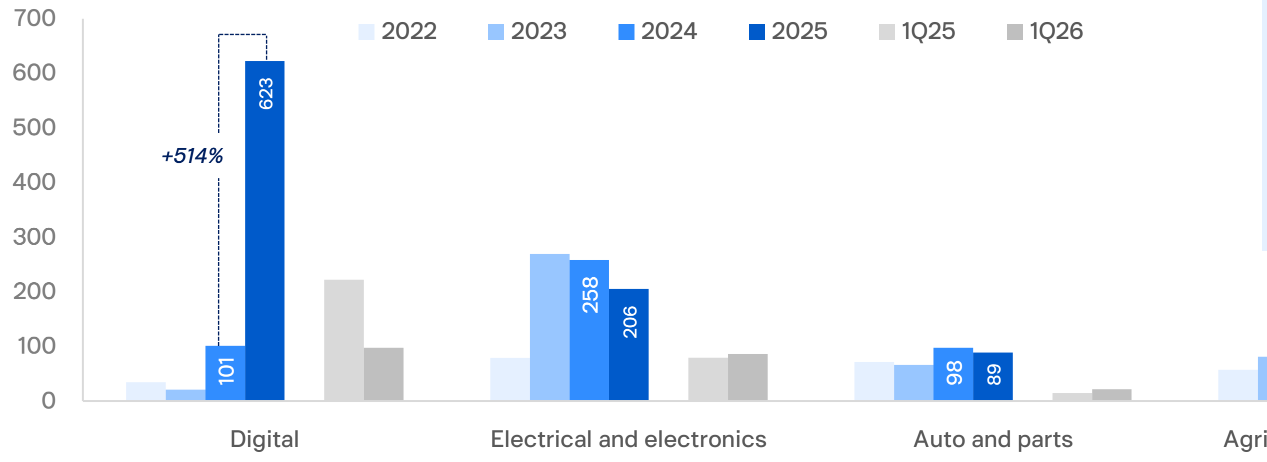
Thailand's FDI net inflow



BOI investment application classified by nation



Total BOI investment promotion (Approved) of major sectors, 2022-1Q26



Approved projects with investment over THB 1 billion in 2025

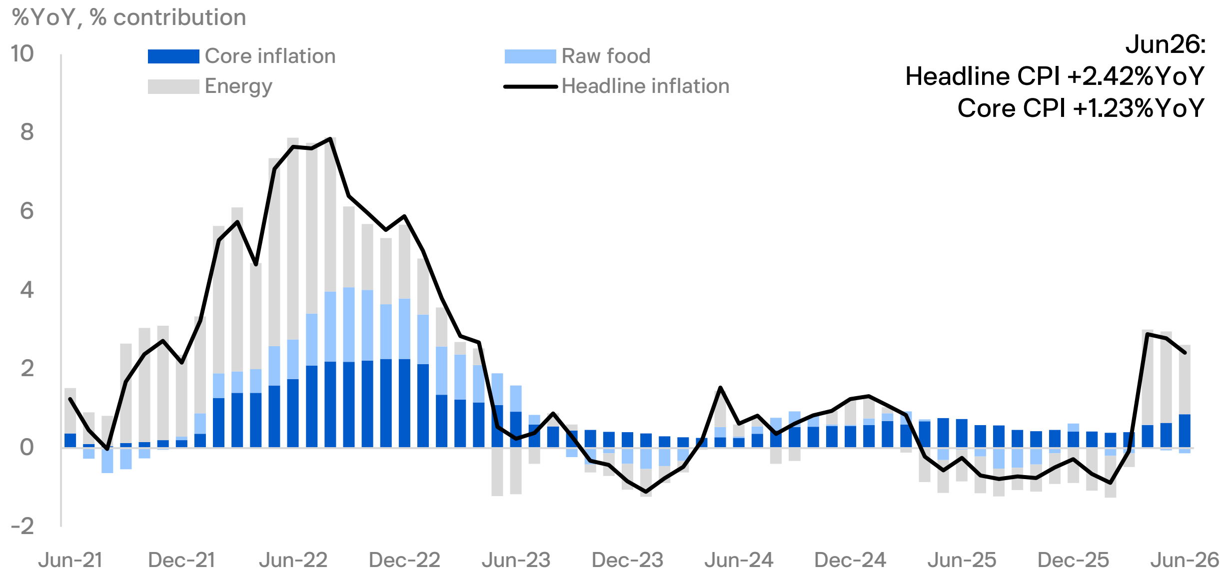
1. *Data center (high energy efficiency)*
   2 projects THB 33.6 billion
2. *Tire production*
   4 projects THB 25.8 billion
3. *Food additive, ingredient, diary supplement*
   6 projects THB 18.8 billion

- Foreign investment inflows have remained robust, as reflected in the sharp rise in net FDI inflows in recent years. The growth has been driven largely by investments from major US corporations, consistent with foreign BOI investment applications surpassing THB 1.4 trillion—the highest level on record.
- BOI investment approvals were concentrated in advanced electronics and digital industries, supported by East Asian technology supply chains, while multinational firms continue to expand manufacturing and infrastructure capacities, particularly in PCBs and Food production.

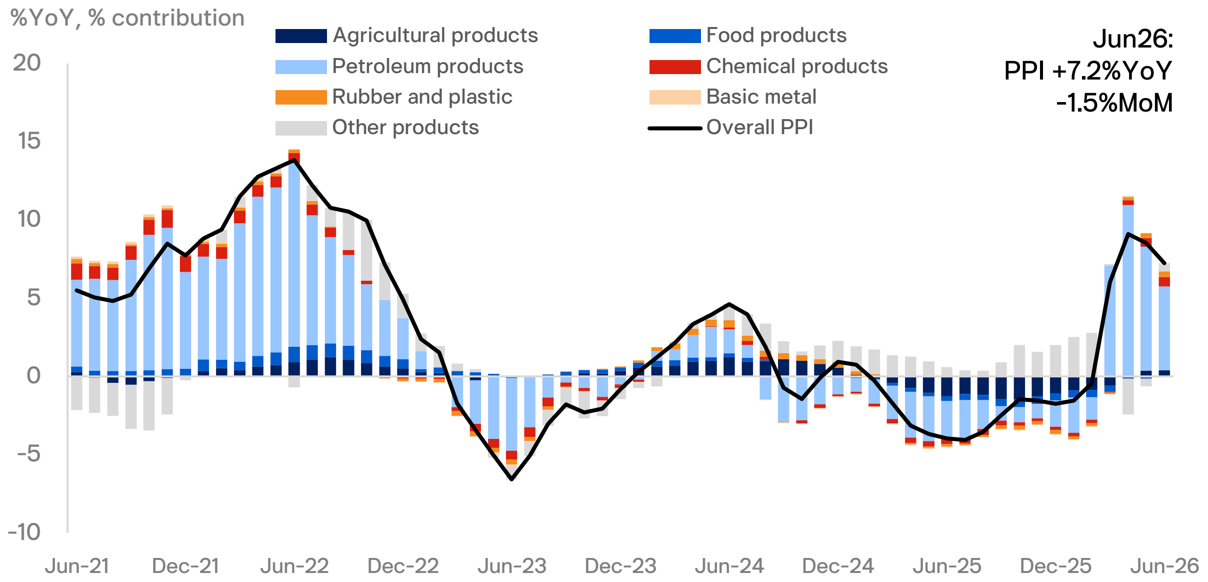
Source: BOT, BOI, CEIC and ttb analytics

June’s CPI continued to slow while core inflation elevated to reach its three-year high

Inflation contribution to growth



Producer Price Index (PPI) contribution to growth



Price change in top categories

%YoY	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26
Headline inflation	-0.25	-0.70	-0.79	-0.72	-0.76	-0.49	-0.28	-0.66	-0.88	-0.08	2.89	2.79	2.42
Raw food	-0.23	-1.23	-2.99	-2.89	-2.44	-0.78	1.19	0.01	-1.18	-0.78	0.04	-0.34	-0.75
Prepared food	3.40	2.53	2.54	1.99	1.67	1.74	1.96	1.73	1.54	1.68	2.31	2.63	3.05
Meat and Poultry	4.98	4.18	3.36	1.71	-0.05	0.09	0.83	0.72	-0.72	-0.58	-1.62	-3.13	-3.24
Eggs and dairy products	-3.94	-3.46	-3.72	-3.78	-3.74	-3.79	-2.14	-1.73	-2.92	-0.49	3.18	0.65	1.23
Utilities	-1.41	-1.36	-1.36	-2.09	-2.11	-2.11	-3.15	-4.67	-4.66	-3.14	-0.16	-0.39	-0.39
Energy	-6.31	-7.33	-5.55	-4.46	-5.40	-6.11	-6.98	-8.41	-8.29	-2.76	18.87	18.09	13.70
Core inflation	1.06	0.84	0.81	0.65	0.61	0.66	0.59	0.60	0.56	0.57	0.83	0.92	1.23

- The headline inflation (CPI) in June 2026 rose but continued to slow compared to previous month, below the market expectation. This was driven by lower fuel prices in line with global crude oil prices coupled with the restructure of domestic retail oil price. Additionally, prices of fruits and dairy products also declined. Meanwhile, prepared food prices have risen broadly and at a relatively rapid pace, leading to a noticeable increase in the cost of living associated with food consumption, and resulting in accelerated core inflation, reaching the highest level in three years.
- Producer Price Index (PPI) increased at the slower pace compared to previous month, as mainly due to lower prices of agricultural and fishery products, including industrial products regarding to lower raw petroleum prices.

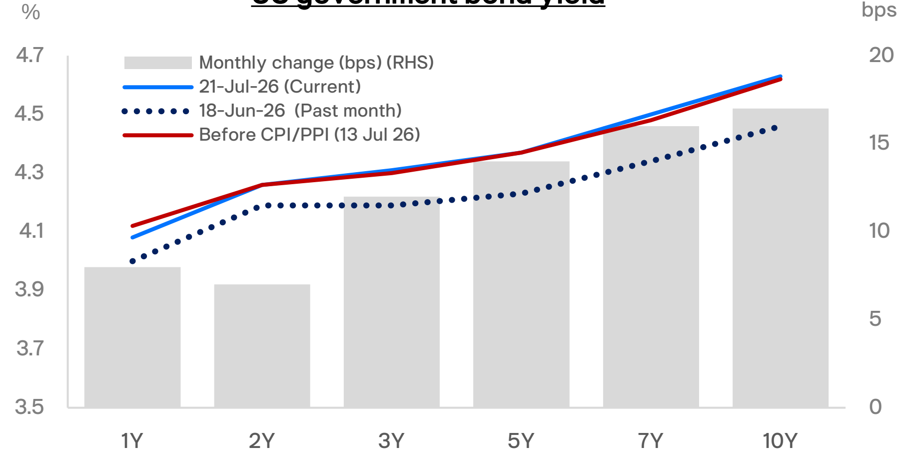
Source: Ministry of Commerce, CEIC and ttb analytics

PART 3

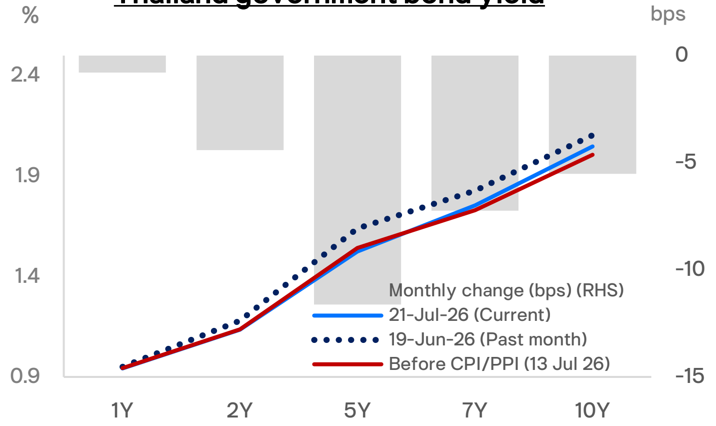
Financial Market

US yields rise on renewed geopolitical tensions despite softer CPI. Meanwhile, Thai bonds gain on BoT pause

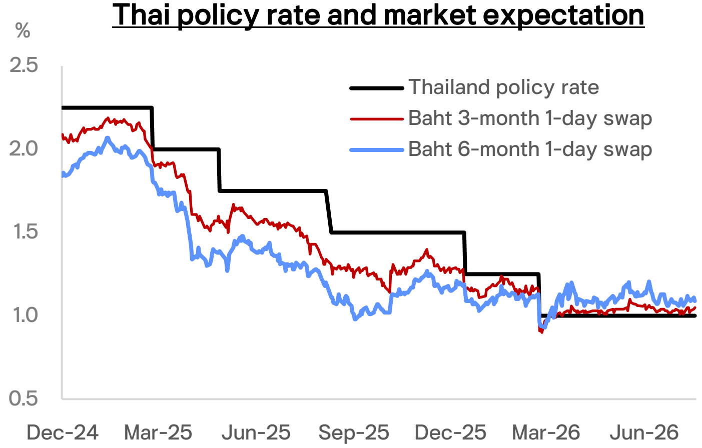
US government bond yield



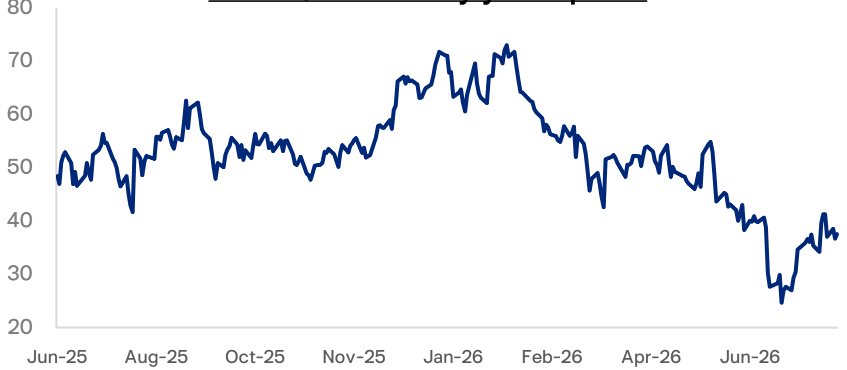
Thailand government bond yield



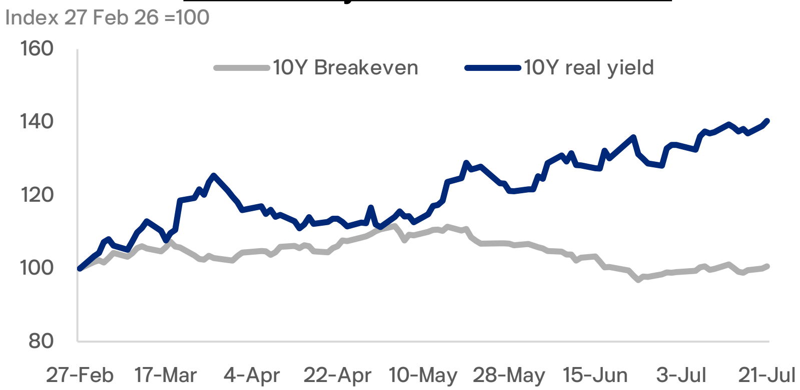
Thai policy rate and market expectation



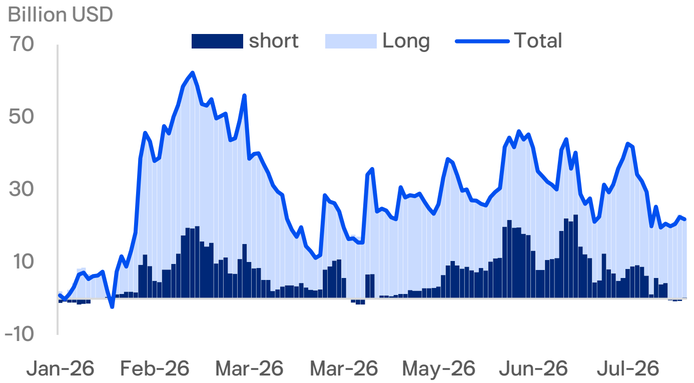
US 10Y/2Y treasury yield spread



US 10Y real yield and 10Y breakeven



Thailand: Cumulative foreign bond flows (2026)

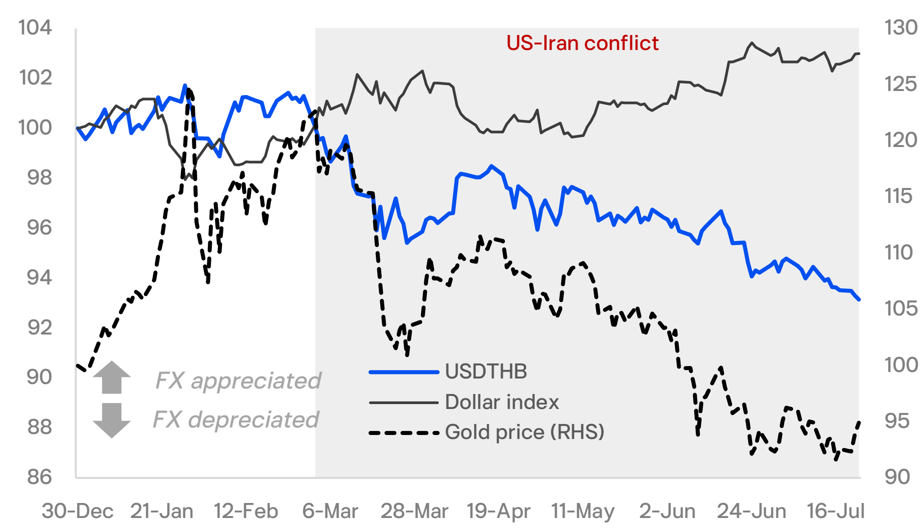


- US Treasury yields rose in a steepening move. Short-end yields pared some earlier losses after softer-than-expected CPI, PPI, and weaker payrolls, while the 10-year yield climbed above 4.60% amid renewed US-Iran tensions. Looking ahead, US yields are likely to remain elevated as Fed hike risks persist, while higher term premium driven by fiscal concerns should continue to support long-end yields.
- Meanwhile, Thai government bond yields declined across the curve, led by the belly. The rally was supported by expectations of a prolonged BoT pause, easing inflation, and lower bond issuance. Strong auction demand and an above-average spread between the 10-year yield and the policy rate have also supported Thai bonds and continued foreign inflows. Looking ahead, short-end yields should remain anchored by the BoT, while long-end yields are likely to track US treasury yields.

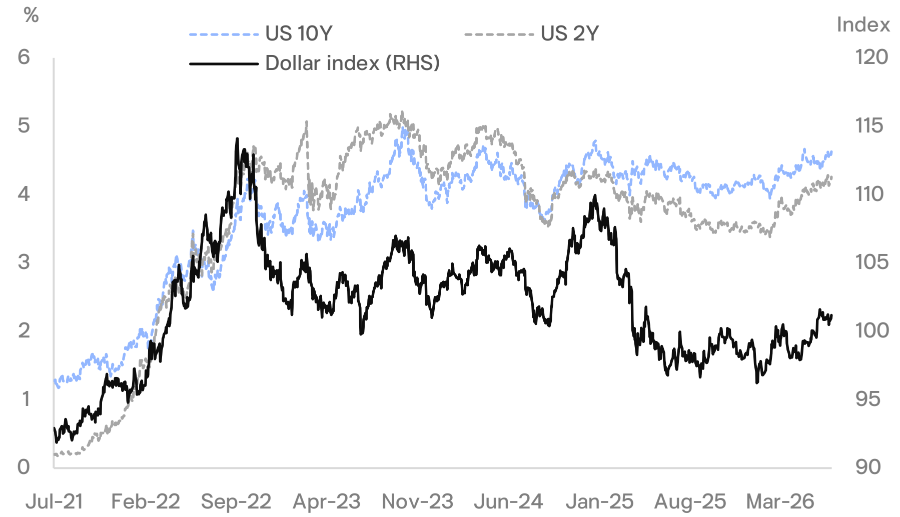
Source: Bloomberg, CEIC, and ttb analytics (Data as of 21 July 26)

Dollar remains resilient under the higher-for-longer Fed theme, while renewed US-Iran tensions weigh on regional currencies

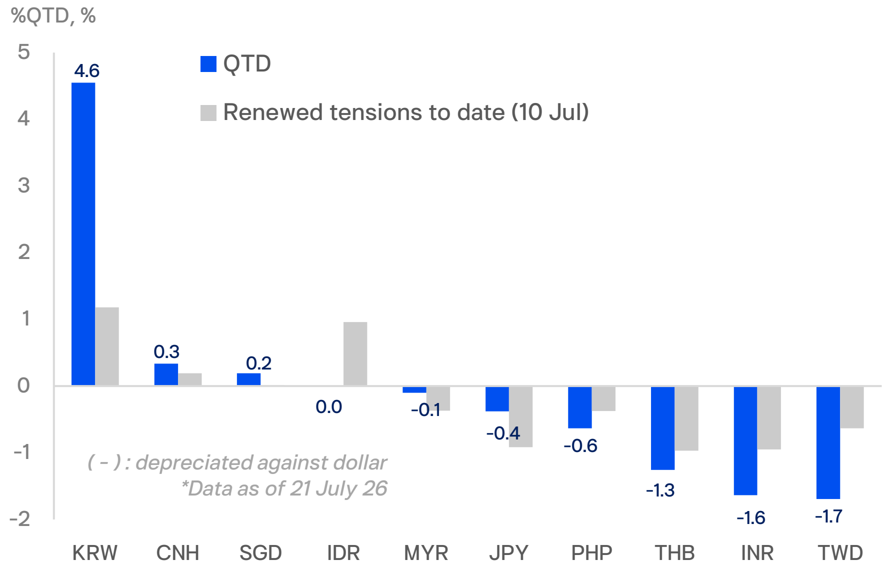
FX movement in 2026



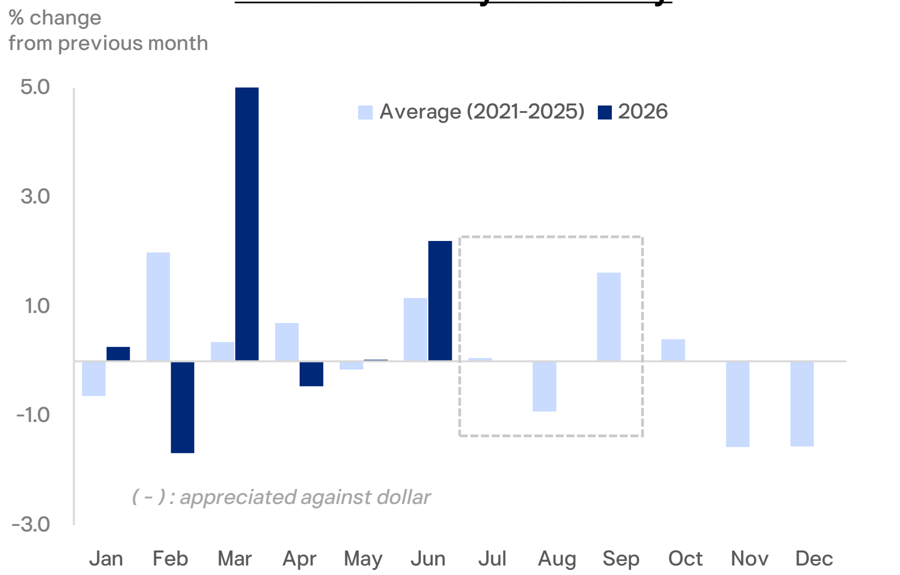
Dollar index and UST



Selected FX spot return against US dollar



Thai baht monthly seasonality



- The US dollar remained resilient against major currencies, with the index holding above the 100 level despite softer-than-expected inflation data that prompted markets to pare back Fed hike expectations. The dollar continued to draw support from the relative outperformance of the US economy and renewed US–Iran tensions, while Asian currencies came under pressure due to their sensitivity to higher oil prices.
- The Thai baht was among the weakest regional currencies, depreciating beyond 33.70 per dollar as higher oil prices and widening interest rate differentials, driven by a hawkish Fed and expectations of a prolonged BoT pause, weighed on the currency. Softer gold prices also weighed on the baht. Looking ahead, both major and regional currencies remain vulnerable to further depreciation against the dollar as the Fed's higher-for-longer stance is expected to keep the dollar well supported and limit gains in gold. For the baht, seasonal third-quarter weakness, coupled with Thailand's softer external position suggests it could continue to underperform in the near term.

Source: Bloomberg and ttb analytics (Data as of 21 July 26) ttb | analytics