Economic and Financial Outlook

ttb analytics

August 2026

Executive Summary

Global Economy

- The global economy continued to expand in July, reflected in PMI data. However, signs of a slowdown are becoming more evident in major economies, particularly the US and China, as reflected in weaker economic surprise indices and Q2 GDP growth. On inflation, despite escalating Middle East tensions and higher oil prices, the impact across major economies has so far remained contained, with inflation trends mixed across countries. In addition, tariff risks are back on the radar as Section 122 expires and Section 301 forced-labor measures emerge, with further measures in the pipeline.
- US economic momentum is weakening, with the labor market showing clearer signs of cooling. Meanwhile, China's July data show further loss of momentum as tech strength fails to offset weak domestic demand. For monetary policy, central banks signal diverging rate paths amid inflation risks.

Thai Economy

- In June 2026, overall economic activity had relatively stable compared to the previous month. Private consumption increased, partly supported by government stimulus measures. Meanwhile, exports and private investment expanded, driven primarily by technology-related products, most of which rely heavily on imported inputs. On the other hand, industrial production and tourism-related services softened.
- According to the new US tariff regime to Section 301 Forced Labor, despite the implementation across most trading partners and expanded exemptions, which could soften the effective impact on Thailand, but recent classifying Thailand as a high-linkage partner with China poses an increasing upside risk to future US tariff and trade restriction actions.
- Thailand's GDP growth in 2Q/26 exceeded market expectations but moderated from the previous quarter, weighed by softer private and public consumption. Meanwhile, private investment accelerated to its strongest pace since 2012, driven by robust imports of capital and industrial goods, prompting NESDC to revise up its GDP growth forecast this year to 2.2%.

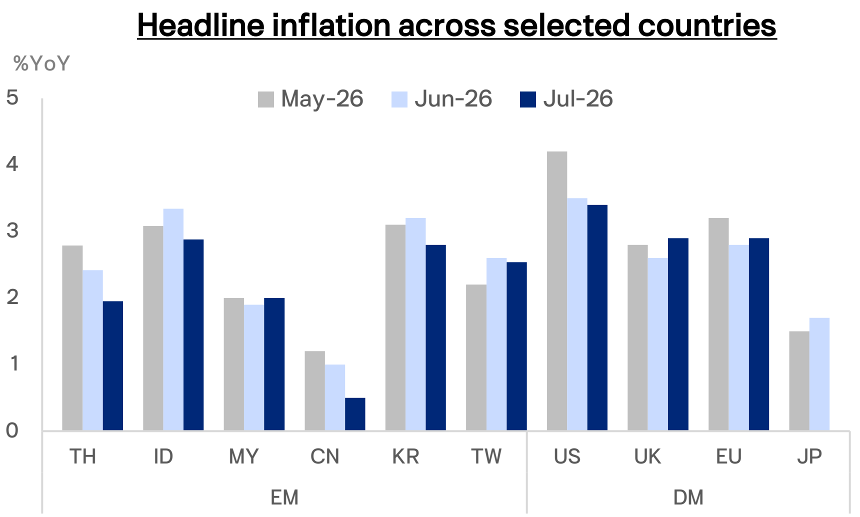
Financial Markets

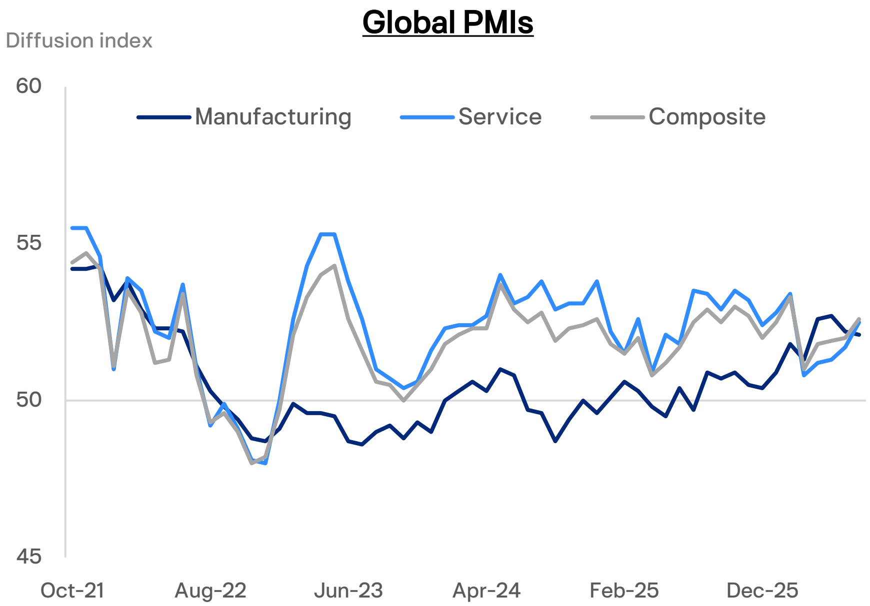
- US Treasury yields continued to steepen, with short-term yields falling after weaker-than-expected labor data and no upside inflation surprises reduced expectations for a Fed hike. Meanwhile, longer-term yields rose amid fiscal and inflation concerns, putting upward pressure on long-end yields globally. Thai bond yields rose across the curve, tracking global moves, particularly at the long end.
- The US dollar weakened, with the index falling below 100 as softer data prompted markets to pare Fed hike expectations despite lingering inflation risks from Middle East tensions. The Thai baht strengthened, with its MTD return ranking among the top performers despite relatively weak domestic economic fundamentals. The appreciation was largely driven by external factors, particularly broad-based US dollar weakness and the continued rise in gold prices.

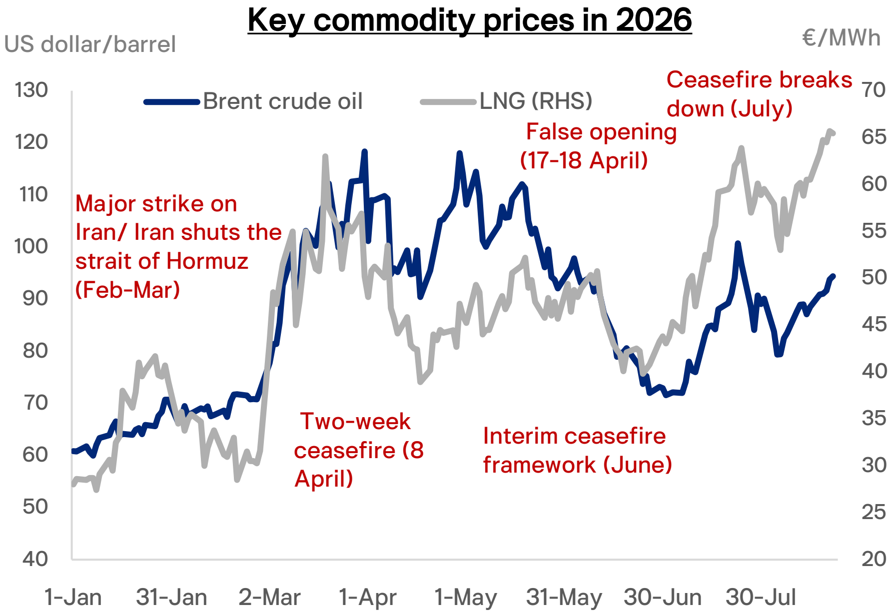
PART 1

Global Economy

Global economy continues to expand amid rising inflation







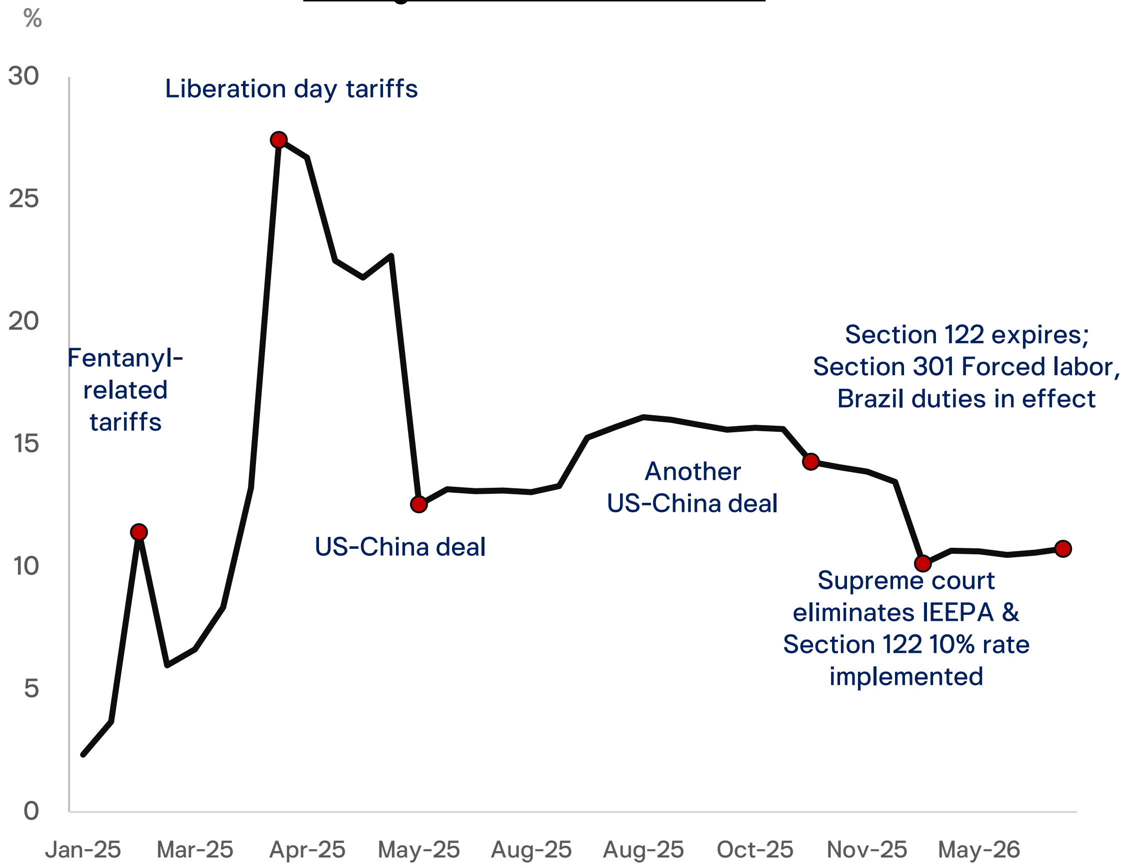
- The global economy continued to expand in July, with the Global Composite PMI rising to 52.6, its highest level since February. Growth became more broad-based, supported by stronger output, new orders, and employment, while inflationary pressures continued to ease. Services activity accelerated, while manufacturing remained in expansion despite some loss of momentum. However, signs of a slowdown are becoming more evident in major economies, particularly the US and China, as reflected in weaker economic surprise indices and Q2 GDP growth.

- On inflation, despite escalating Middle East tensions and higher oil prices, the impact across major economies has so far remained contained, with inflation trends mixed across countries. Nevertheless, persistent geopolitical tensions and elevated oil prices continue to pose upside risks to inflation and, if sustained, could eventually weigh on economic growth.

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

Tariff risks return to focus as Section 122 expires and Section 301 forced-labor tariffs emerge, with measures targeting excess capacity expected soon

Average effective US tariff rate



Section 301

Forced Labor tariff: Four-tier tariff structure

Group	Tariff rate	Description
Preferential treatment	10% Net	These countries receive special treatment due to their close trade relationship with the U.S. and the existence of dedicated trade or cooperation frameworks.
High standards	12.5% Net	The USTR recognizes these countries as having strong forced labor standards, although they are not included in the group eligible for the 10% tariff ceiling.
Forced labor measure	10%+MFN	The USTR considers these countries to have sufficiently robust forced labor regulations or a qualifying trade agreement with the United States (ART).
Non-qualified countries	12.5%+MFN	These countries do not have a special trade arrangement with the U.S., and the USTR assesses their forced labor regime as insufficient to qualify for a lower tariff rate.

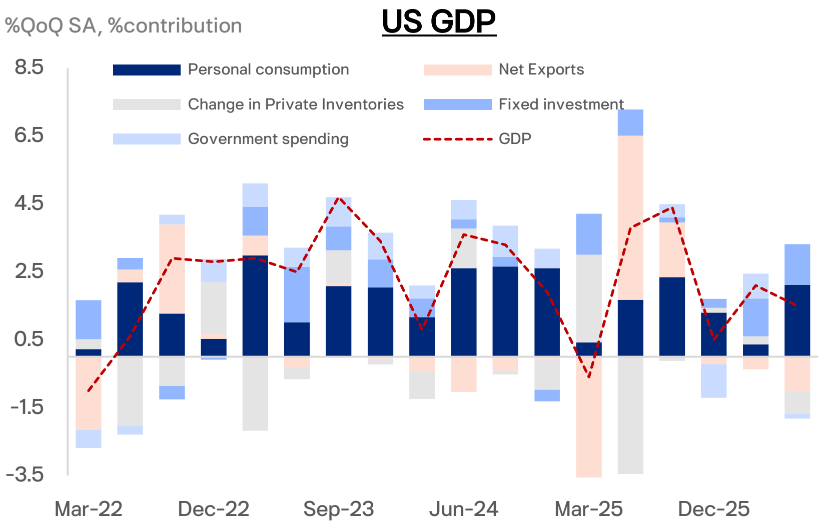
Structural excess-capacity: Three tiers of the shadow transshipment network

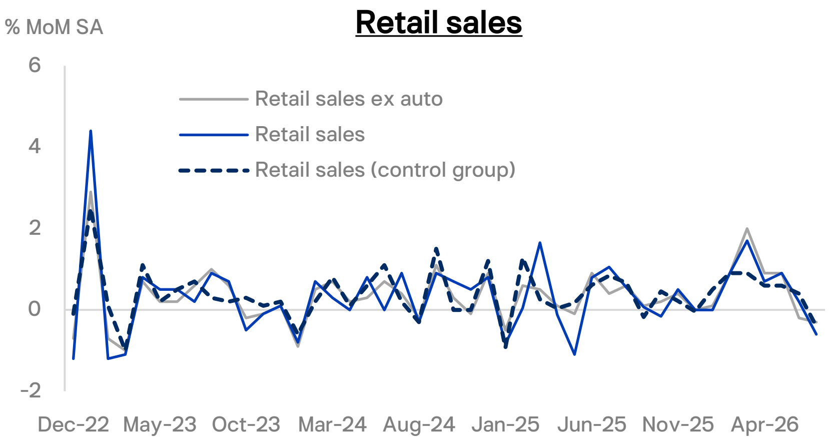
Tier 1: Diversified Scale Leader	Canada, EU, India, Israel, Japan, Mexico, S. Korea, Taiwan
Tier 2: Significant Economic Integration with China	Brazil, Indonesia, Malaysia, Thailand, Turkey, Vietnam
Tier 3: Opportunistic Chinese Targets	e.g., Philippines, Singapore, Sri Lanka, Switzerland, UAE, Cambodia

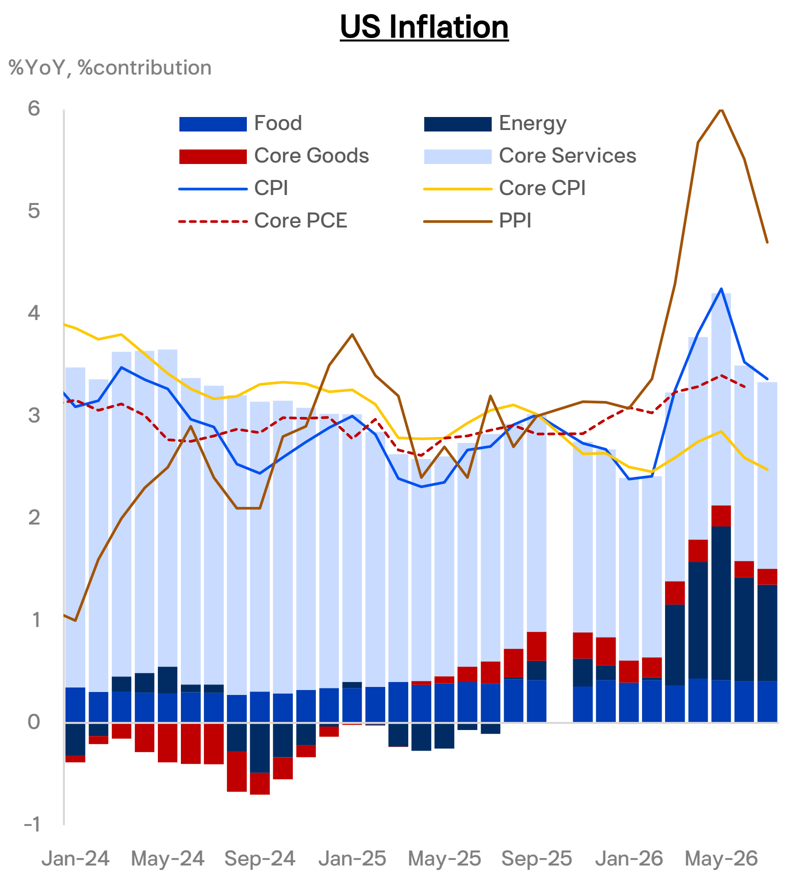
- Following the expiry of Section 122, the Trump administration imposed new tariffs (Section 301) on 60 trading partners over inadequate enforcement of forced-labor import bans. While the near-term impact appears contained given the products affected and measures replacing Section 122, further Section 301 actions remain a key risk as the administration seeks to preserve IEEPA-era tariff rates. Excess capacity and China-linked transshipment are likely to be key targets, particularly in electronics. Recently, the White House has grouped countries into three tiers based on transshipment risk and China exposure, with corresponding measures expected to be announced soon.

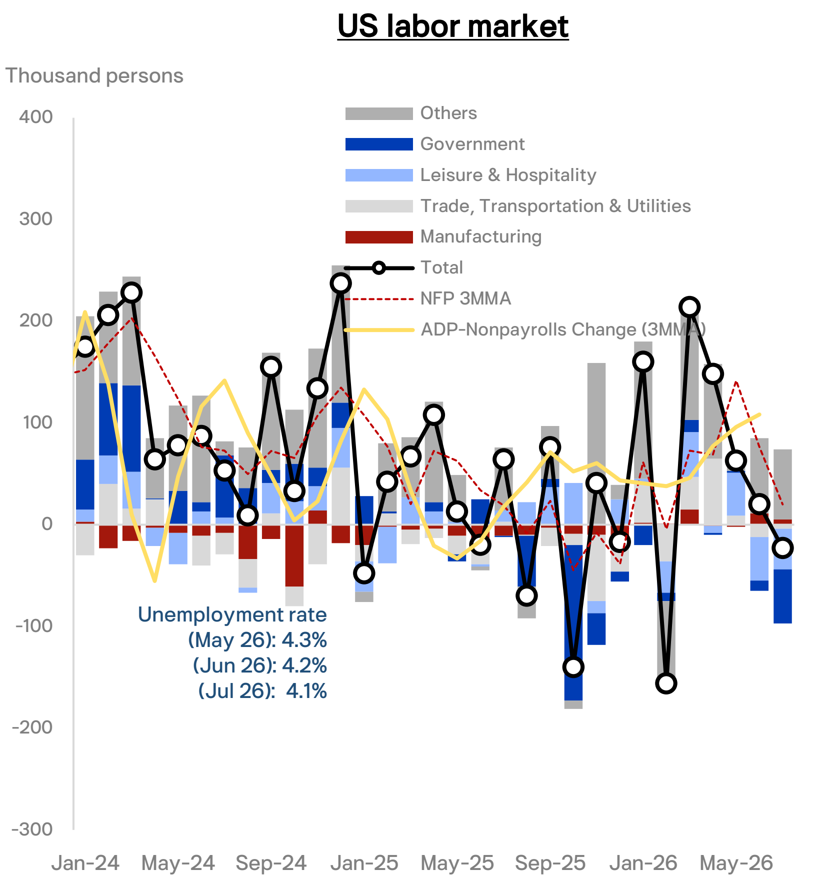
Source: Bloomberg and ttb analytics (As of 8 August 26)

US economic momentum is weakening, with the labor market showing clearer signs of cooling









- US economic data pointed to softer momentum, with Q2 GDP growth slowing to 1.5% QoQ despite resilient consumer spending and investment. June PCE inflation was broadly in line with expectations, while July retail sales fell sharply and underlying measures weakened, signaling a loss of consumer momentum entering Q3. Labor market data also disappointed, with payrolls declining and prior months revised lower, alongside softer wage growth. Meanwhile, July CPI and PPI showed contained inflation pressures, with headline and core CPI easing on an annual basis and producer prices coming in softer than expected.

Source: Bloomberg, CEIC, and ttb analytics

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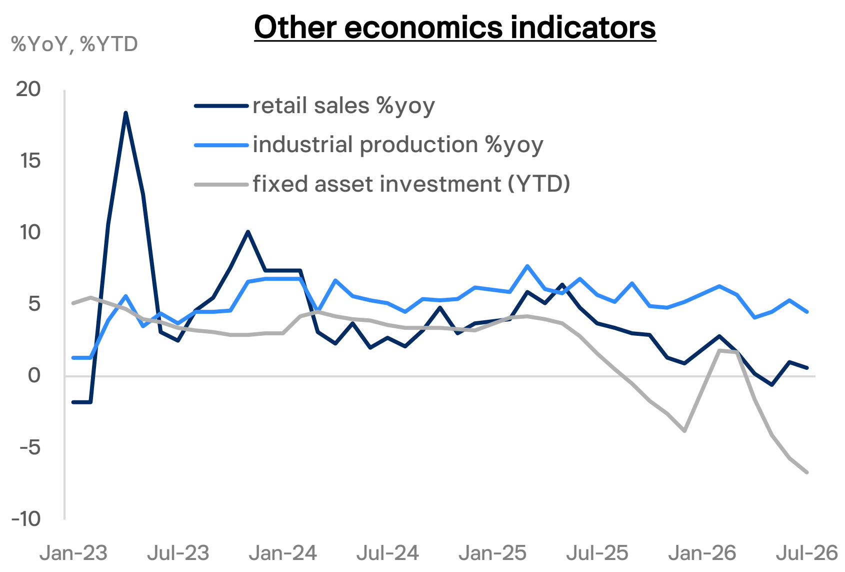
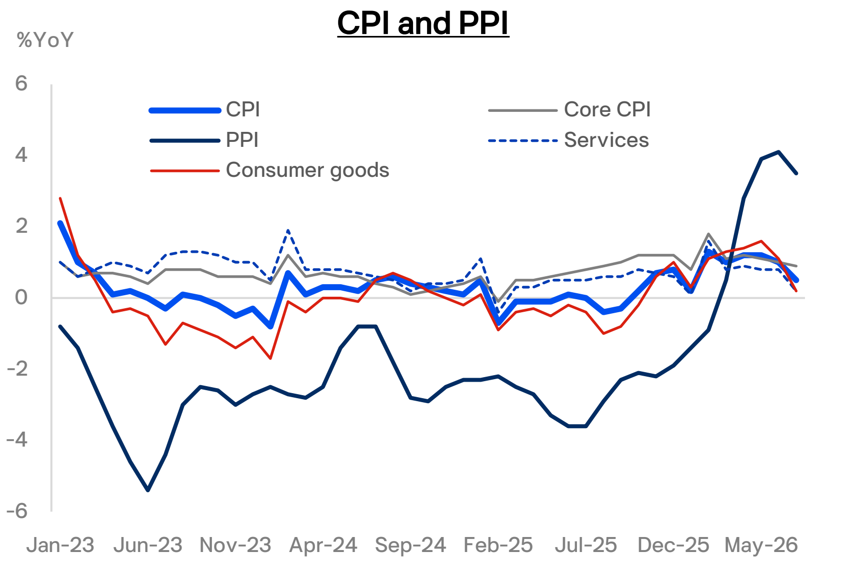
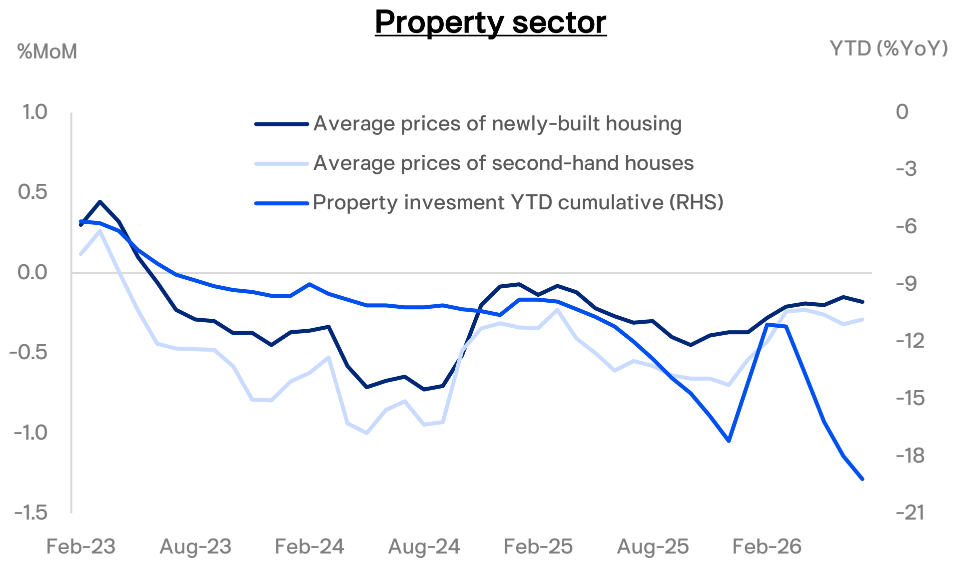
China's July data show further loss of momentum as tech strength fails to offset weak domestic demand







- Following a weak Q2 GDP print, China's July data signaled a further slowdown. Industrial production growth eased to 4.5% YoY, below the 5.0% consensus, while retail sales rose just 0.6%. Fixed-asset investment contracted 6.7% YoY in the first seven months, worsening from a 5.7% decline in H1. Property remained a key drag, with home prices falling further and property investment plunging 19.2% YoY.

- External demand remained resilient, with exports rising 23.9% YoY in July, led by technology shipments, while import growth slowed to 27.5% amid weaker non-tech demand. Disinflation persisted, with headline and core CPI easing to 0.5% and 0.9%, respectively, while PPI slowed to 3.5%, reinforcing signs of weak domestic demand.

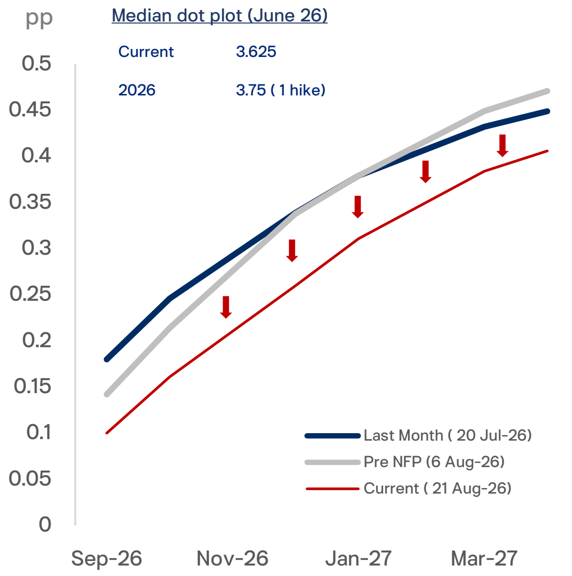
- Despite the slowdown, Beijing remains reluctant to deploy large-scale stimulus, favoring targeted support instead. Attention now turns to September for potential policy signals, though any near-term easing is likely to be modest, with more meaningful support potentially delayed until next year.

Source: Bloomberg, CEIC, IMF, and ttb analytics (Data as of 18 August 26)

Central banks signal diverging rate paths amid inflation risks

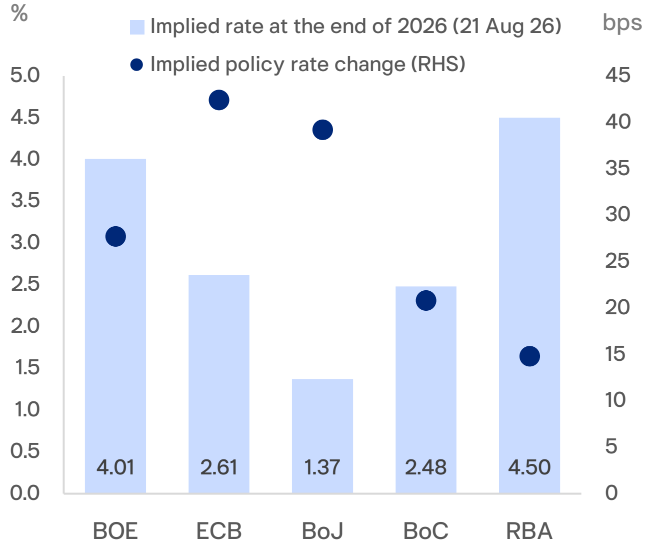
Expected policy rate changes by selected major central banks by the end of 2026

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



(Policy rate) (3.75%) (2.25%) (1.00%) (2.25%) (4.35%)

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	3.06 ↑
ID	5.75	+100	5.96 ↑
IN	5.25	0	5.55 ↑
PH	4.75	+50	5.20 ↓
TW	2.00	0	2.09 ↑

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*

Latest Monetary Policy development

DM

- **The Fed held rates steady in July, while softer recent data have reduced expectations for a hike** in September despite continued hawkish Fed commentary over inflation risks.
- **The ECB held rates steady in July, but markets expect a hike at an upcoming meeting f**ollowing positive economic surprises, rising inflation and hawkish ECB commentary.
- **Despite holding rates steady in July, the BoJ is expected to continue policy normalization**, with markets anticipating the next hike in Q4 amid elevated inflation and government support following yen weakness.
- **The BoE held rates steady in July, while expectations for the next hike have eased** following softer labour data and in-line inflation.

EM

- **The PBoC remains a regional outlier** despite holding the LPR unchanged for a 15th consecutive month, maintaining a moderately loose stance with stronger support for domestic demand and ample liquidity.
- **Overall, Asian central banks remain cautious, balancing persistent inflation and currency risks against uneven growth.** Most are likely to keep policy steady, though tightening remains possible where price pressures are elevated.

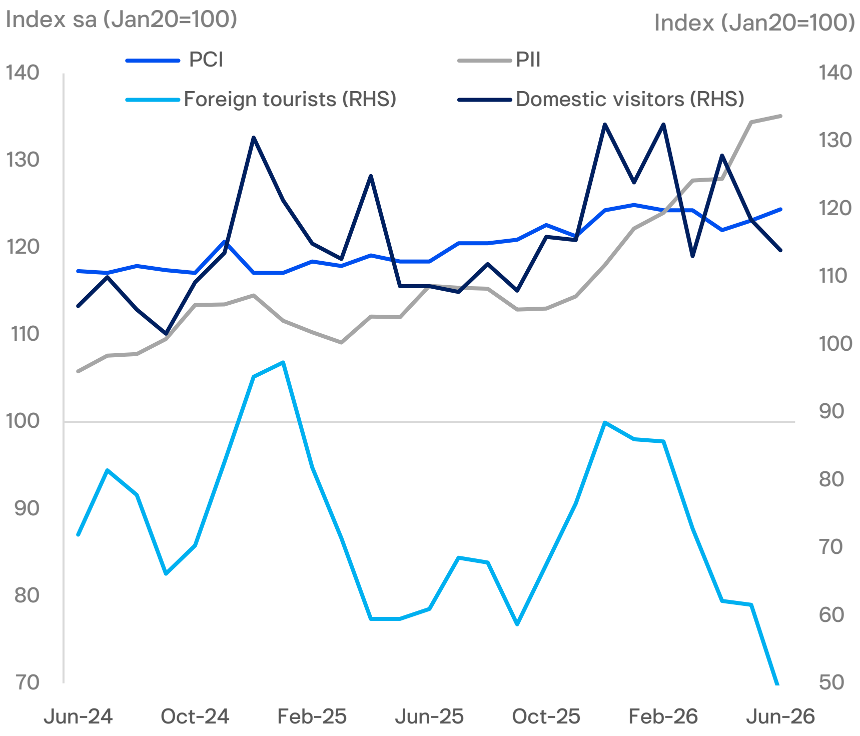
Source: Bloomberg, CEIC, ttb analytics (Data as of 21 August 26)

PART 2

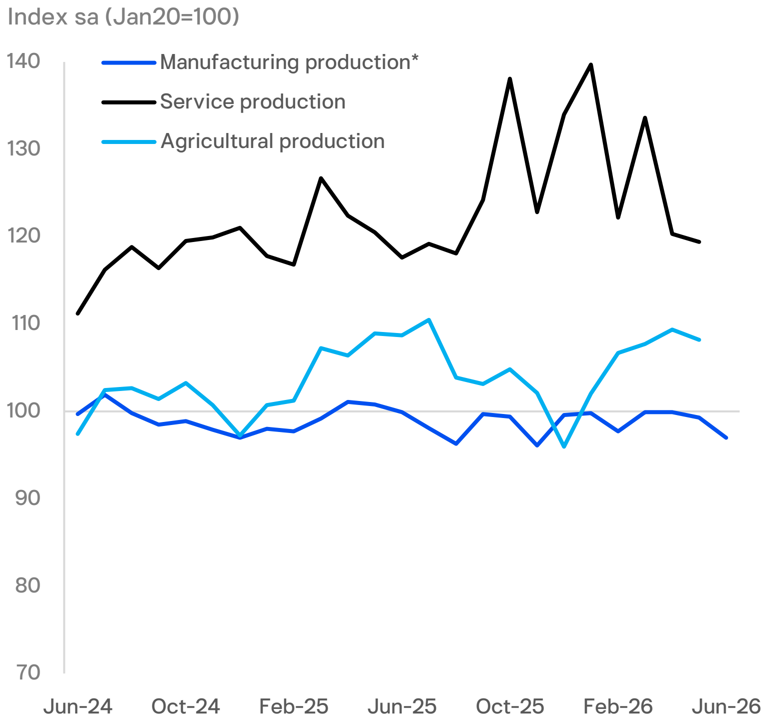
Thai Economy

In June 2026, Thailand's economic activity remained broadly stable despite ongoing government stimulus measures and rising tech-driven activities

Demand-side indicators



Supply-side indicators



- In June 2026, overall economic activity had relatively stable compared to the previous month. Private consumption increased, partly supported by government stimulus measures. Meanwhile, exports and private investment expanded, driven primarily by technology-related products, most of which rely heavily on imported inputs. On the other hand, industrial production contracted across several sectors, while tourism-related services softened, mainly due to a decline in foreign tourist arrivals.
- In the stability front, the headline inflation in July 2026 slowed, while prepared food prices have risen broadly, and resulting in accelerated core inflation.

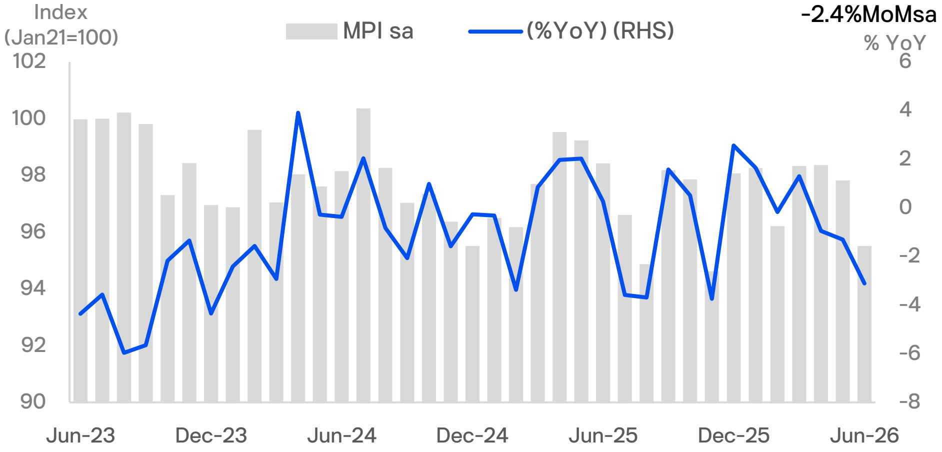
Leading Economic Index (sa) (Jan2020=100)

Leading Economic Index and Components (SA)	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
Authorized Capital of Newly Registered Companies (Million Baht)	103.4	125.9	132.7	126.1	124.5	84.7	76.0	138.7	84.0	110.8	126.5	81.3	85.0
Construction Areas Permitted (1000 sq. m)	97.4	94.3	106.9	114.1	114.6	103.5	120.5	92.5	105.5	107.7	92.4	93.9	94.5
Export Volume index (exclude Gold)	125.1	125.6	126.6	128.1	129.2	132.3	134.2	144.4	141.1	144.2	145.7	144.0	148.6
Business Sentiment Index (3 months)	97.7	96.4	100.3	100.3	101.0	102.1	102.7	99.1	98.5	88.7	81.8	93.4	95.2
SET index	72.0	82.0	81.7	84.2	86.5	83.0	83.2	87.5	100.9	95.6	98.6	103.6	105.1
Oil Price Inverse Index (Dubai)	1.5	1.4	1.4	1.4	1.5	1.6	1.6	1.7	1.5	0.8	1.0	1.0	1.3

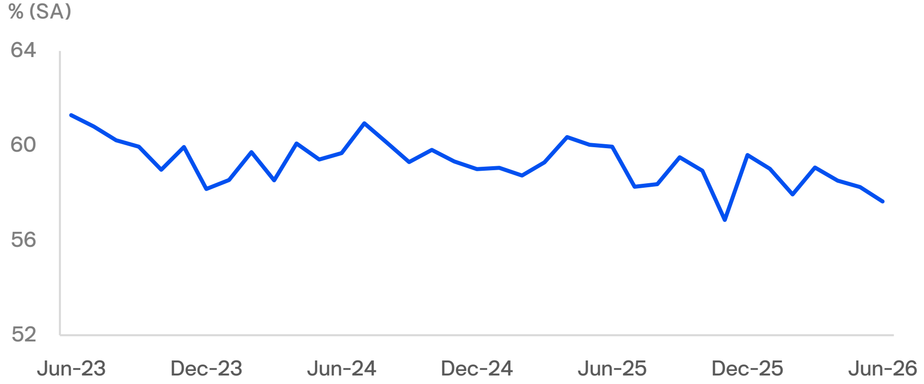
Source: Bank of Thailand and ttb analytics
*Remark: *rebase Jan21 due to OIE new rebase data*

Industrial output continued to contract broadly amid weaker demand

Manufacturing Production Index (MPI)



Capacity Utilization (CapU)



MPI by sector (base year 2021)

Unit: % YoY

Contribution	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
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)	0.3	-3.6	-3.7	1.6	0.5	-3.7	2.6	1.6	-0.2	1.3	-0.9	-1.3	-3.1

- As of June 2026, Manufacturing Production Index (MPI) was continued to contract from the previous month, weighed by lower automotive production regarding to weaker ICE demand. Production of petroleum products slowed as a large inventory of oil stocks and halt production. Palm oil production also contracted as the supply of fresh palm fruit to the market declined due to extreme heat conditions. Meanwhile, basic chemicals recorded strong growth, driven primarily by caustic soda and chlorine production, in line with the continued increase in demand from various industrial sectors as well as demand for animal feed, which in line with stronger demand from both domestic and international markets.

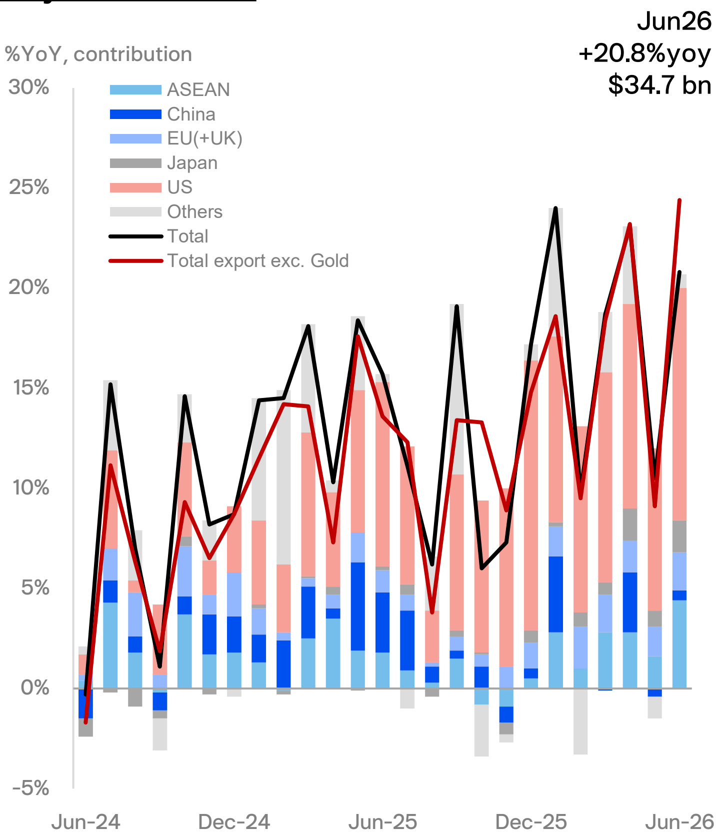
Source: Bank of Thailand, The Office of Industrial Economics and ttb analytics.

Export and import growth turned accelerated in June amid tech-investment boom

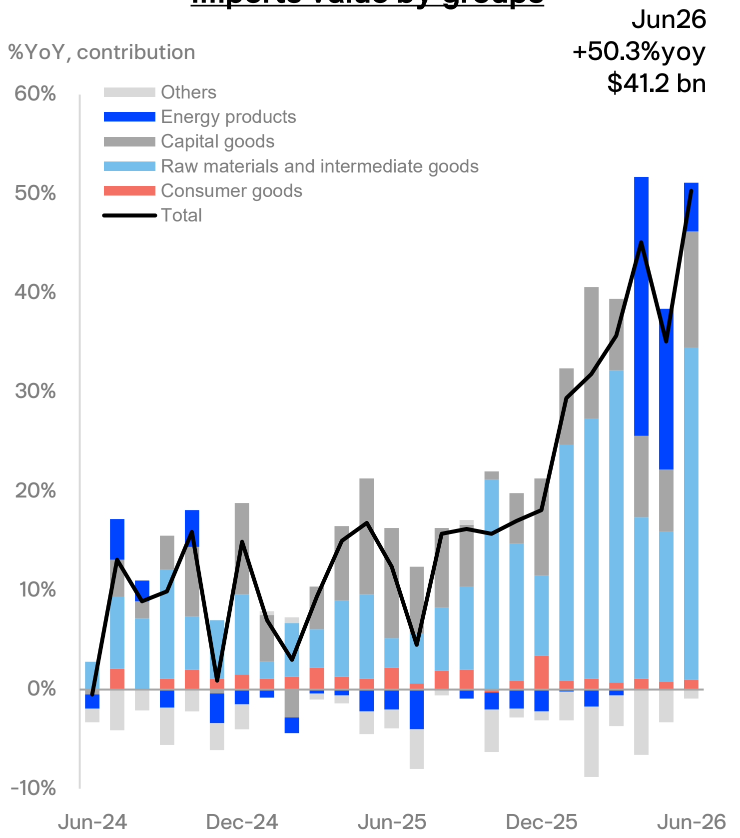
Exports value growth by major product and major destination

Unit: %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
Agri-agro products													
Rice	-41.2%	-16.3%	-30.0%	-31.4%	-38.6%	-18.7%	-27.4%	-23.9%	-5.8%	-19.2%	-12.2%	-16.4%	-17.7%
Rubber	-0.2%	-19.9%	-27.9%	-15.4%	-12.5%	-12.0%	-1.9%	-19.3%	-26.2%	-21.6%	-18.1%	-5.3%	12.5%
Tapioca products	5.7%	-12.6%	-5.6%	-9.8%	-19.2%	-28.8%	-4.0%	-21.4%	-19.1%	-17.2%	-18.3%	-38.4%	-48.1%
Fresh, Frozen & Dried vegetable and Fruit	48.5%	74.0%	-11.0%	-35.6%	-16.4%	-24.5%	12.1%	34.5%	22.2%	-5.4%	52.1%	2.8%	-14.5%
Poultry	15.8%	9.8%	-3.8%	6.4%	1.2%	-7.4%	14.6%	1.0%	-0.7%	-6.4%	-0.9%	-5.8%	0.6%
Sugar	37.2%	36.2%	-14.2%	43.4%	8.9%	-10.9%	-8.4%	-36.5%	-52.9%	15.1%	-49.6%	-32.3%	32.7%
Animal feeding	10.9%	9.1%	-5.6%	2.9%	7.7%	1.1%	18.4%	8.2%	4.7%	4.0%	6.4%	3.1%	22.3%
Industrial products													
Motor Cars, Parts, Accessories	-8.5%	4.2%	1.3%	15.4%	14.9%	-5.9%	5.4%	11.3%	7.8%	0.9%	6.8%	-11.4%	6.1%
Computer and parts	57.7%	61.0%	44.1%	57.9%	67.8%	59.9%	51.5%	68.2%	49.8%	34.2%	68.7%	26.8%	57.4%
HDD	13.0%	14.9%	-6.8%	-7.2%	15.3%	-16.2%	-14.5%	27.3%	-2.3%	-20.2%	37.3%	6.8%	31.7%
Integrated Circuits	46.2%	54.9%	37.0%	8.1%	10.8%	17.1%	14.6%	10.9%	6.3%	7.8%	19.4%	-0.5%	23.2%
Air Conditioning Machine	9.7%	6.8%	-14.0%	-5.9%	-2.9%	-14.6%	8.2%	3.8%	2.0%	1.7%	1.1%	-5.1%	2.2%
Refrigerating	40.8%	56.8%	22.4%	86.3%	69.9%	25.1%	45.1%	48.3%	24.6%	33.3%	-10.9%	-14.5%	-14.6%
Electronic Machines	33.5%	35.2%	28.3%	42.6%	38.8%	46.2%	52.8%	67.0%	56.8%	43.8%	64.6%	32.5%	66.0%
Plastic pallet	0.7%	-7.1%	-8.7%	-4.3%	-6.6%	-11.4%	-12.2%	-7.5%	-4.4%	-12.9%	14.0%	17.4%	18.4%
Chemical Products	-4.3%	-15.2%	-8.5%	-0.6%	-5.0%	-13.6%	-4.2%	0.6%	-6.9%	9.7%	6.9%	9.8%	27.8%
Machinery & Parts	16.3%	44.1%	10.2%	11.3%	2.5%	5.1%	22.8%	9.7%	28.4%	16.6%	29.3%	-2.1%	22.6%
Rubber Products	22.4%	9.7%	-3.1%	7.4%	1.3%	-12.1%	-0.3%	-5.6%	0.6%	5.7%	14.0%	-1.0%	11.4%
Refined oil	-20.1%	-43.5%	-23.7%	-30.4%	-22.1%	-31.8%	-15.2%	14.9%	-17.8%	24.6%	17.8%	30.1%	80.9%
Jewelry ex gold	8.4%	41.9%	24.4%	16.9%	25.8%	66.7%	-24.3%	4.5%	-30.0%	86.4%	29.5%	3.2%	16.2%
Total export	15.5%	11.0%	5.8%	19.0%	5.7%	7.1%	16.8%	24.4%	9.9%	18.7%	23.1%	10.6%	20.8%



Imports value by groups



- Thailand's export growth elevated in June 2026. Export to the US remained convincing the growth. These included export of electronics, driven by higher exports of telecommunications equipment, machinery and equipment to the US, as well as electronic circuits and components to China and Hong Kong. Exports to the Middle East also increased following the gradual reopening of the Strait of Hormuz. However, exports of agricultural and agro-processed products declined, mainly due to lower durian exports to China. On the other hand, the import value remained solid, led by raw materials and intermediate goods categories, while import of energy slowed, resulting in the trade deficit of USD 6.5 billions. (First 6 months of 2026, trade deficit of USD 31.7 billions)

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

Despite Thailand's direct exposure to US section 301 forced labor tariff is relatively limited, but classifying Thailand as a Significant Economic Integration with China poses an increasing upside risk to future US tariff and trade restriction actions

Four-tier tariff structure on Section 301 Forced Labor tariff

1) **10% net** : 2 countries (EU, Taiwan)
2) **12.5% net** : 3 countries (Japan, S.Korea, Switzerland)
3) **10% + MFN rate** : 17 countries (e.g., Canada, Mexico, India, Indonesia, Malaysia)
4) **12.5% + MFN rate** : 38 countries (e.g., China, Vietnam, Thailand, Philippines)

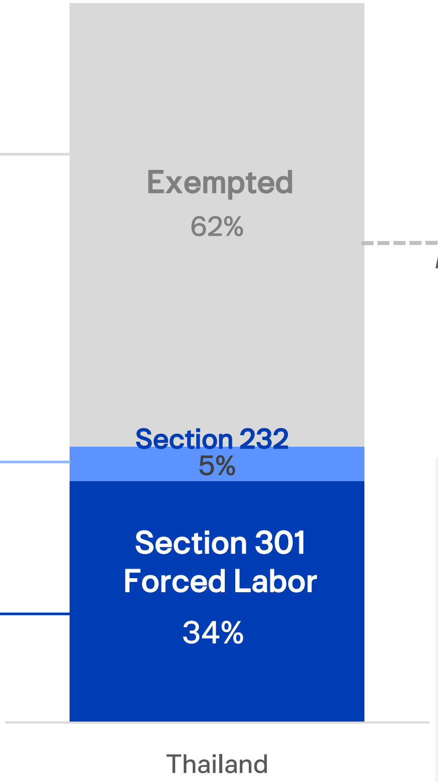
Share of US import value from Thailand classified group tariff, 2025

For instance;

Data communication equipment
Electrical static converter
Automatic Data Processing unit
Laptop
Processing unit
Integrated circuit
Printed circuit assemblies
Storage unit (HDD, SSD)
Air conditioning machine
Freezing equipment

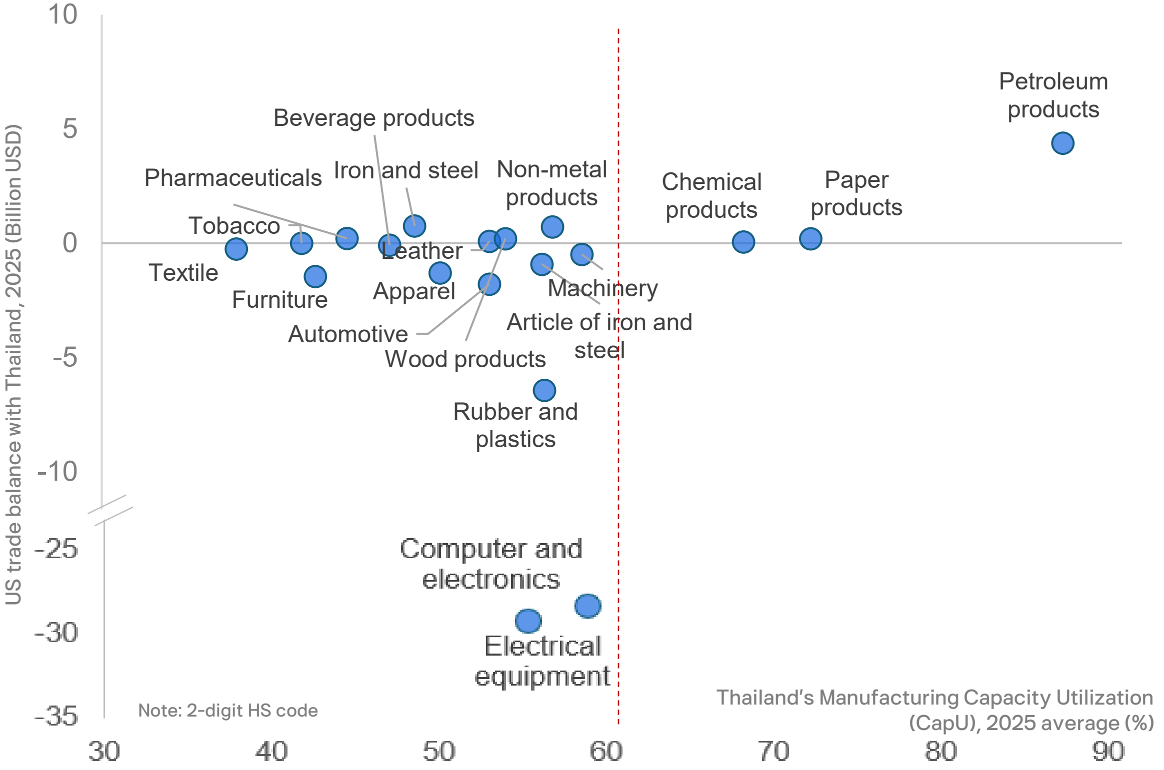
Steel, aluminum, copper and derivatives, auto and auto parts, timber and lumber, semiconductor and derivatives, pharmaceuticals, Polysilicon and derivatives

Seafood products
Pet food
Beverage
Toys
Jewelry and accessories
Textile and apparel
Industrial machinery
Suitcase and luggage
Furniture



Risk from Structural Excess Capacity Tariff

US trade balance with Thailand and Thailand's Capacity utilization, 2025

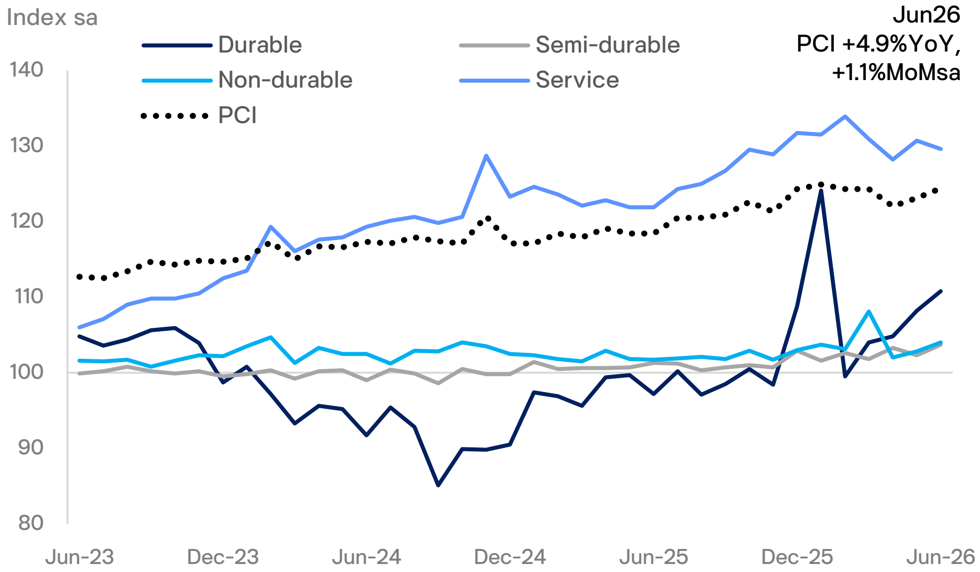


- According to the new US tariff measure to Section 301 forced labor, Thailand's direct exposure to this tariff regime is relatively limited, due to most US trading partners are now subject to similar tariff measures and more than 60% of Thailand's exports to the US are exempted.
- However, the greater risk lies in potential future US trade actions targeting structural excess capacity industries as reflected in "The Great Transshipment Scam report", classifying Thailand as Tier 2 or "Significant Economic Integration with China". Particularly, Thailand's electrical equipment and computer/electronics sectors generate large trade surpluses with the US while operating at relatively low capacity utilization rates, a combination that could attract US scrutiny over excess production capacity, subsidies, or China-linked supply chains.

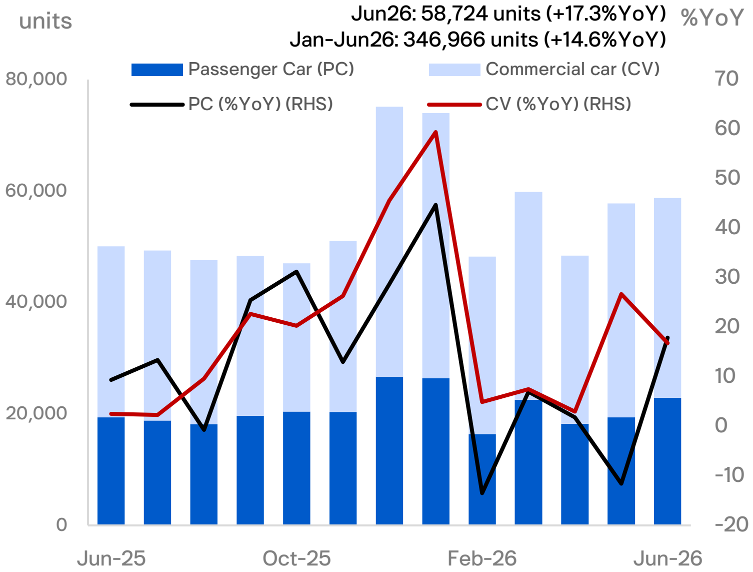
Source: US Embassy, USITC, PIIE, Thailand's government public relations department, and ttb analytics

Private consumption remained on an upward trend, supported by government stimulus programs, alongside continued growth in domestic vehicle sales driven by rising EV purchases

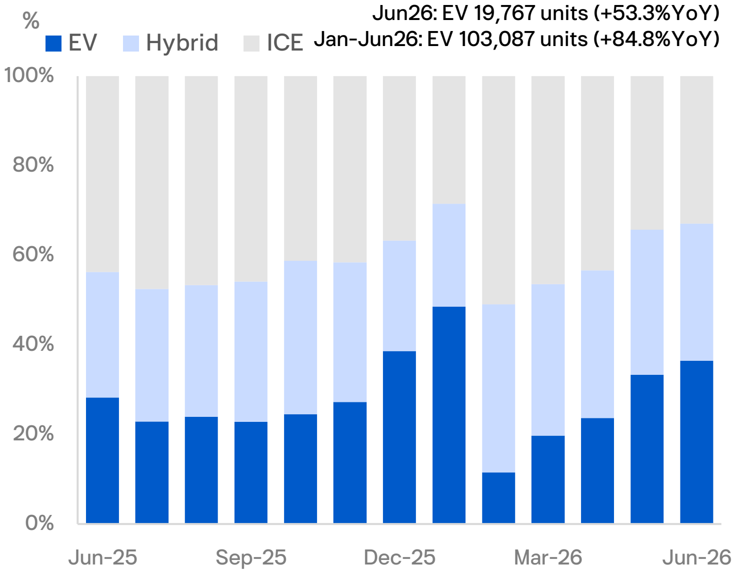
Private Consumption Indicators (SA)



Domestic car sales**

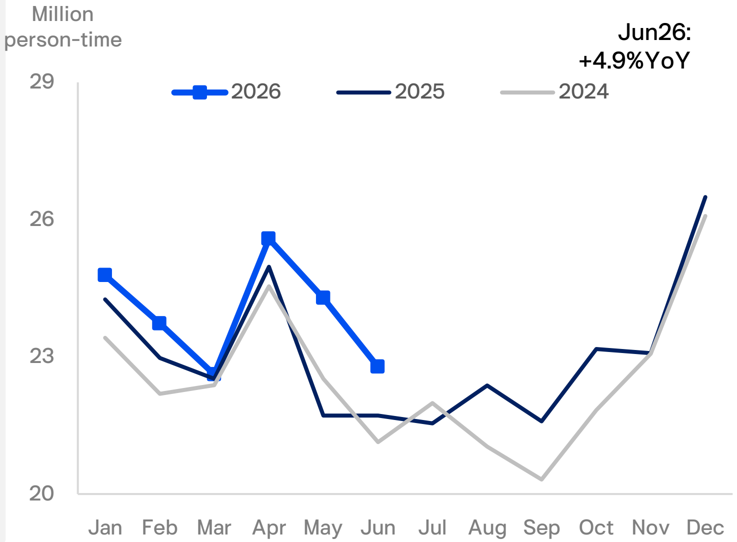


EV penetration of type 1 registration

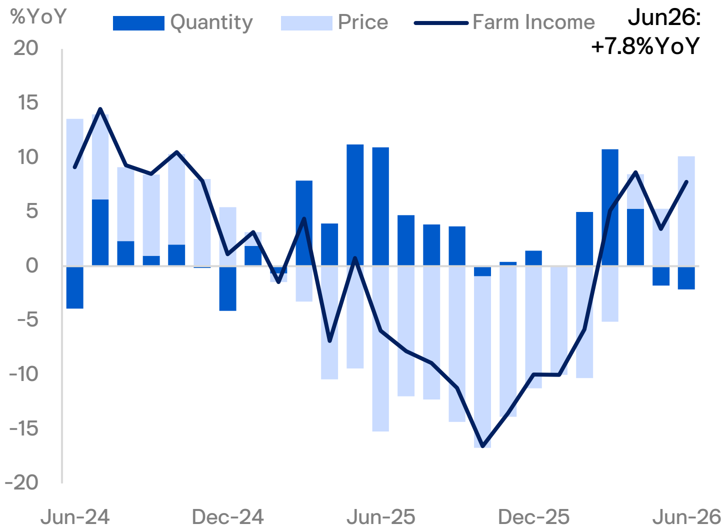


- Private consumption indicators increased from the previous month, driven by higher spending across several categories. Non-durable goods rose as supported by stronger sales of consumer products following the implementation of government stimulus measures, including the Thai Chuay Thai Plus program and the State Welfare Card scheme. Durable goods purchase also increased, reflecting higher motorcycle registrations and passenger car sales. In contrast, service consumption declined, particularly in the hotel and restaurant segments, in line with weaker tourism activity.
- 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

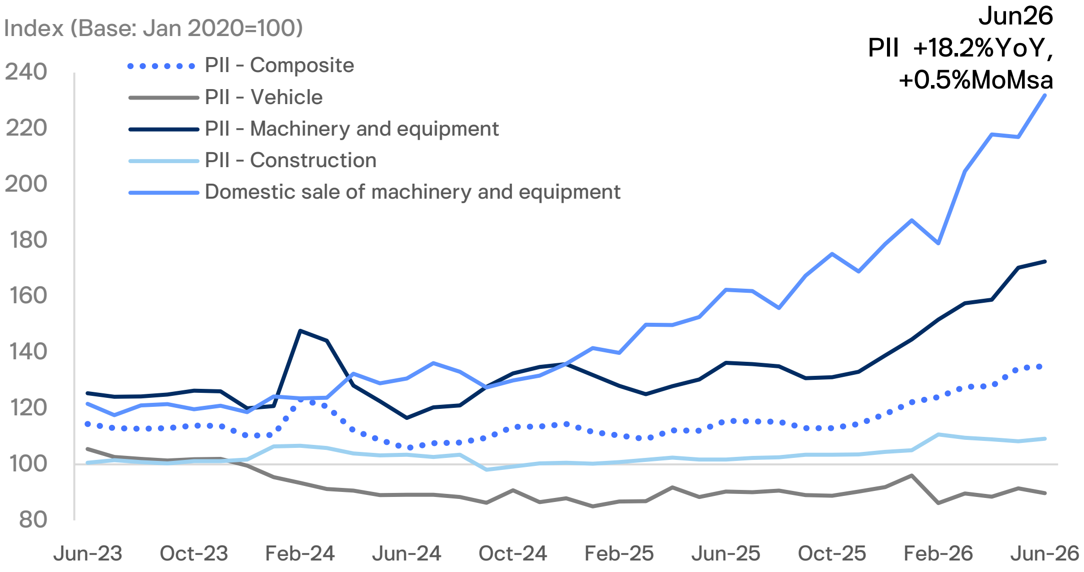


Source: Bank of Thailand, The Federation of Thai Industries, CEIC and ttb analytics

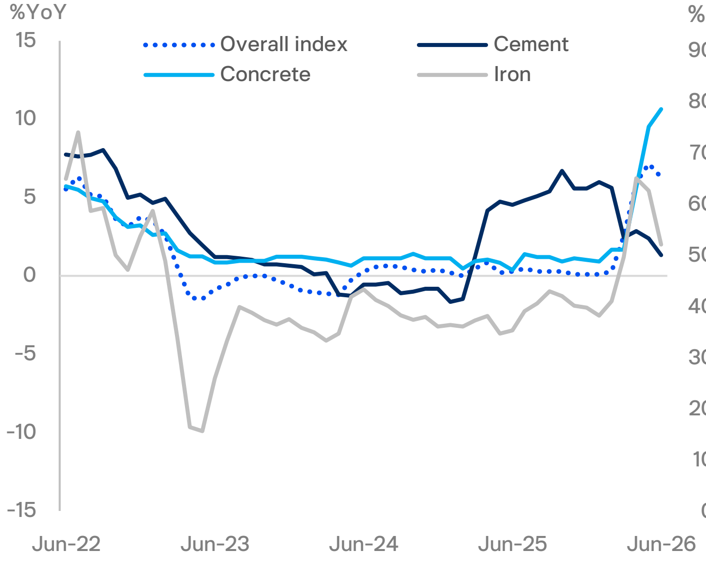
*Remark: *Data not include replication in number of visitors **Commercial Vehicle (CV) * covering pickup, PPV and others commercial car, Passenger Car (PC) ** covering sedan and SUVs,*

Private investment continued to rise supported by the global electronics upcycle and large-scale data center investments

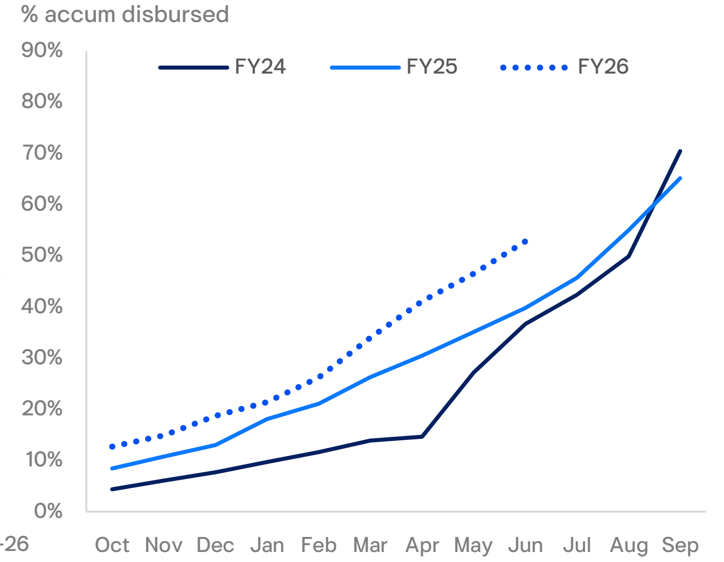
Private Investment Indicators (SA)



Construction Material Price Index (CMI)

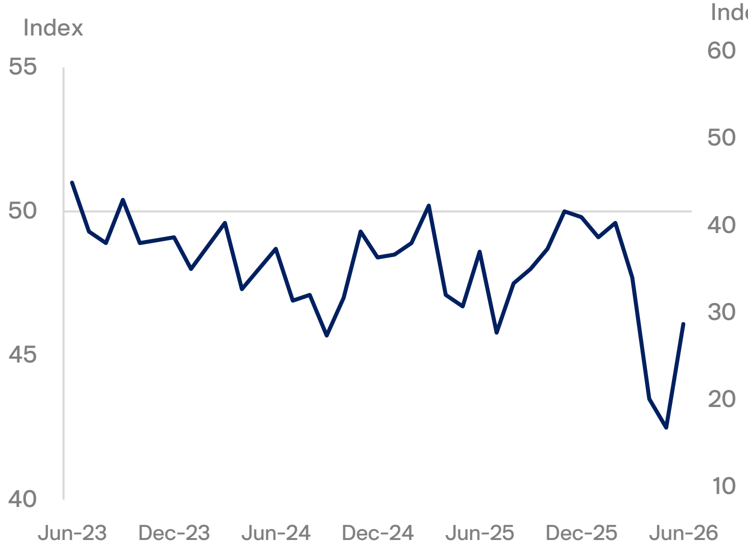


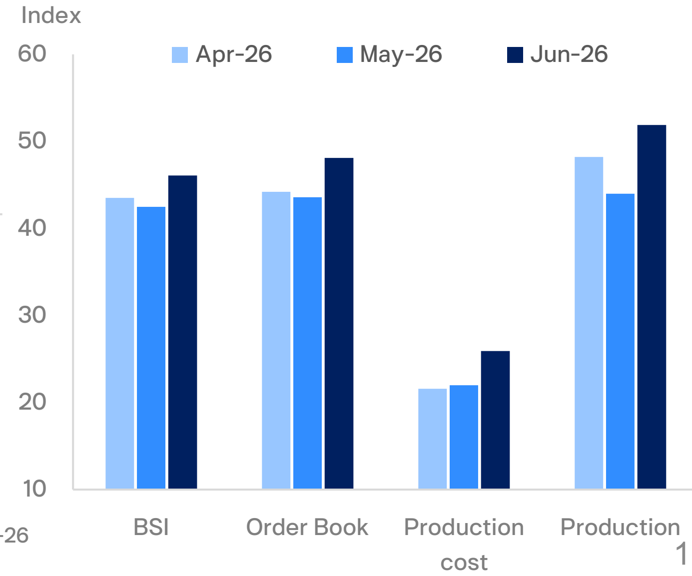
Accumulated govt capital budget disbursement



- Private investment increased remarkably from the previous month, driven by higher investment in machinery and equipment, particularly electrical equipment, as reflected in stronger domestic machinery sales. Meanwhile, net imports of capital goods declined due to lower imports of general-purpose machinery. Construction investment also increased, supported by non-residential building projects, particularly factories and commercial buildings. However, investment in vehicles declined following a drop in imports of ships and drilling rigs after a surge in the previous month, despite increases in vehicle registrations and aircraft imports.
- BSI in June 2026 recovered from its bottom led by manufacturing sectors, following the improvements in production, business performance, and new orders, in line with the easing of tensions in the Middle East.

Business Sentiment Index (BSI)

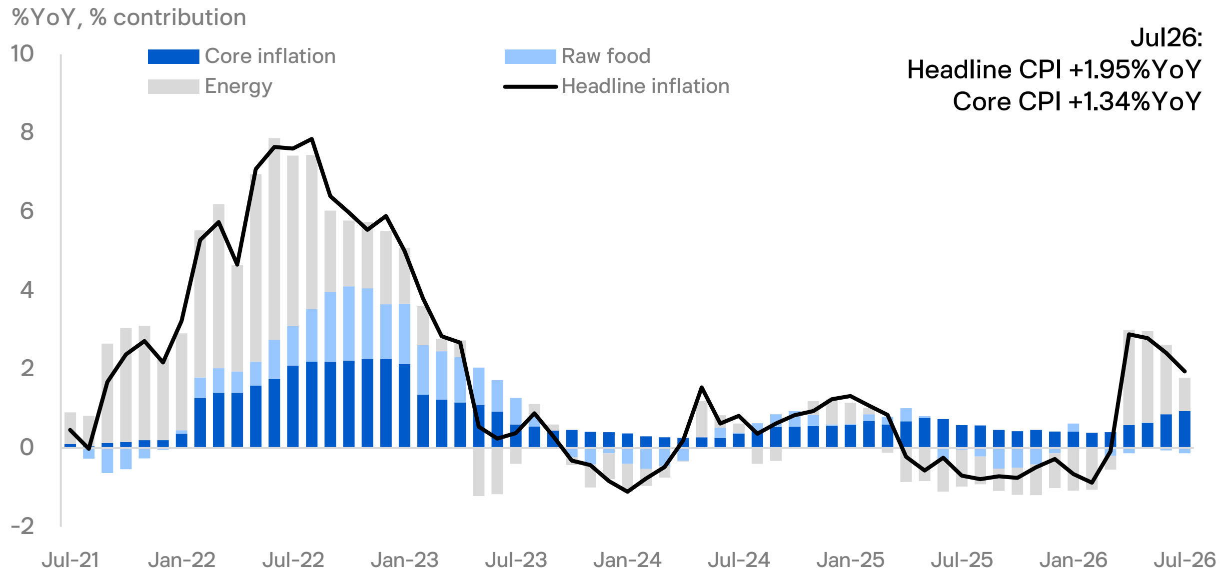




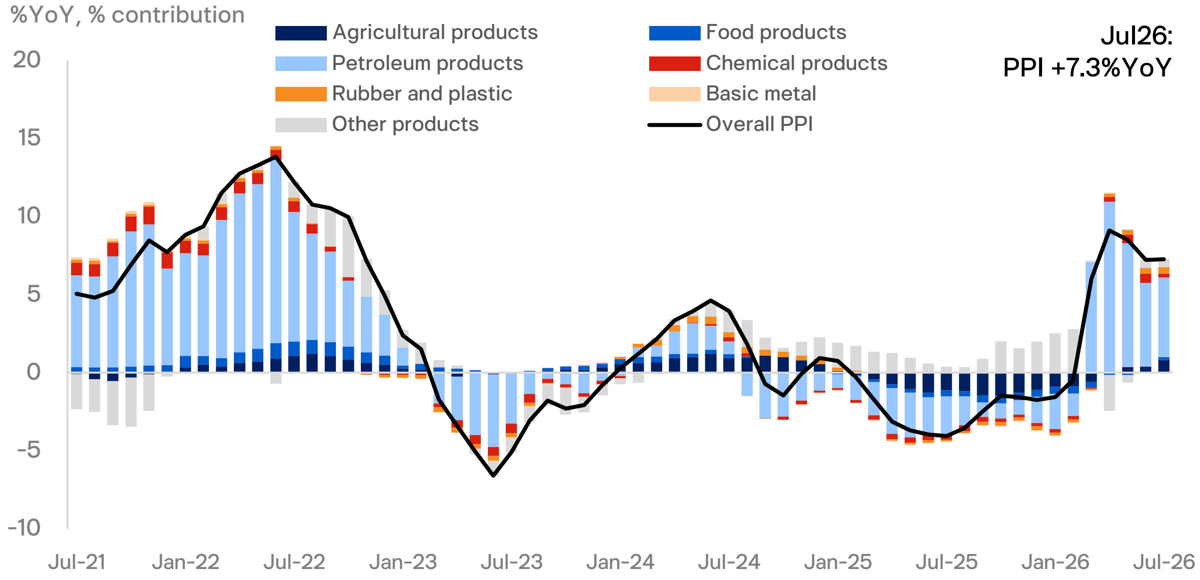
Source: Bank of Thailand and ttb analytics.

July's core inflation continued to elevate as higher food prices broadly

Inflation contribution to growth



Producer Price Index (PPI) contribution to growth



Price change in top categories

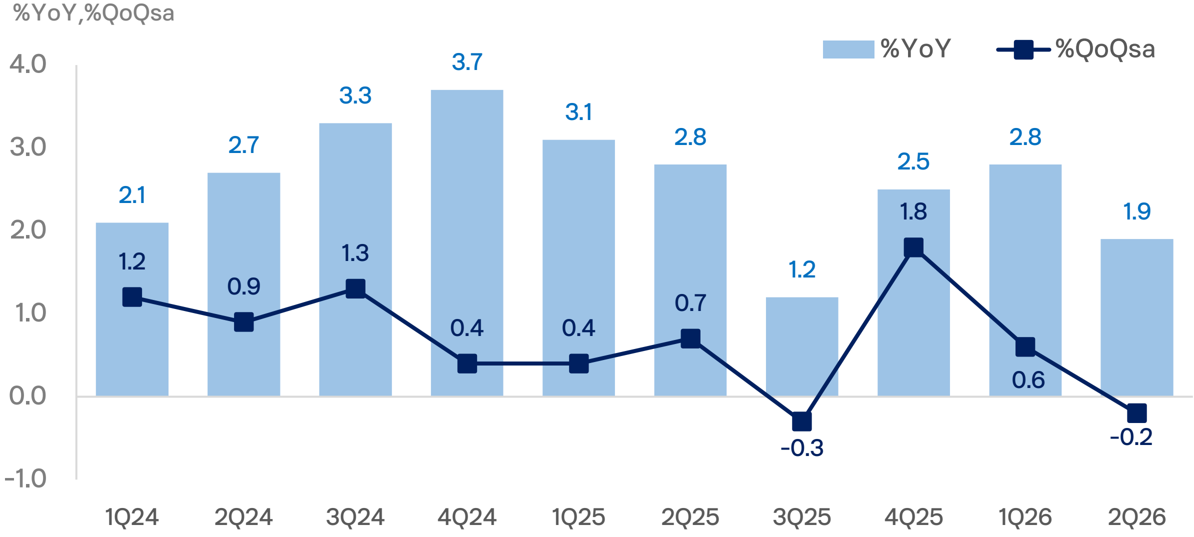
%YoY	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26
Headline inflation	-0.70	-0.79	-0.72	-0.76	-0.49	-0.28	-0.66	-0.88	-0.08	2.89	2.79	2.42	1.95
Raw food	-1.23	-2.99	-2.89	-2.44	-0.78	1.19	0.01	-1.18	-0.78	0.04	-0.34	-0.75	1.14
Prepared food	2.53	2.54	1.99	1.67	1.74	1.96	1.73	1.54	1.68	2.31	2.63	3.05	3.25
Meat and Poultry	4.18	3.36	1.71	-0.05	0.09	0.83	0.72	-0.72	-0.58	-1.62	-3.13	-3.24	-2.14
Eggs and dairy products	-3.46	-3.72	-3.78	-3.74	-3.79	-2.14	-1.73	-2.92	-0.49	3.18	0.65	1.23	2.17
Utilities	-1.36	-1.36	-2.09	-2.11	-2.11	-3.15	-4.67	-4.66	-3.14	-0.16	-0.39	-0.39	-0.44
Energy	-7.33	-5.55	-4.46	-5.40	-6.11	-6.98	-8.41	-8.29	-2.76	18.87	18.09	13.70	6.54
Core inflation	0.84	0.81	0.65	0.61	0.66	0.59	0.60	0.56	0.57	0.83	0.92	1.23	1.34

- The headline inflation (CPI) in July 2026 rose but continued to slow compared to previous month. This was driven by persistently high fuel prices in line with global crude oil prices coupled with the restructure of domestic retail oil price. Meanwhile, prepared food prices rose broadly at a relatively strong pace and continue to show upward momentum, driven by gradual increases in the prices of selected cooking ingredients. Fresh vegetable prices also increased, reflecting a low base effect from last year and the impact of a weak El Niño on agricultural supply conditions, resulting in elevated core inflation rate.
- Producer Price Index (PPI) increased but 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

Thailand's GDP growth slowed in the 2Q/26 as mainly due to soften domestic consumption, while strong private investment as driven by imports-input intensified concerns over the trade balance

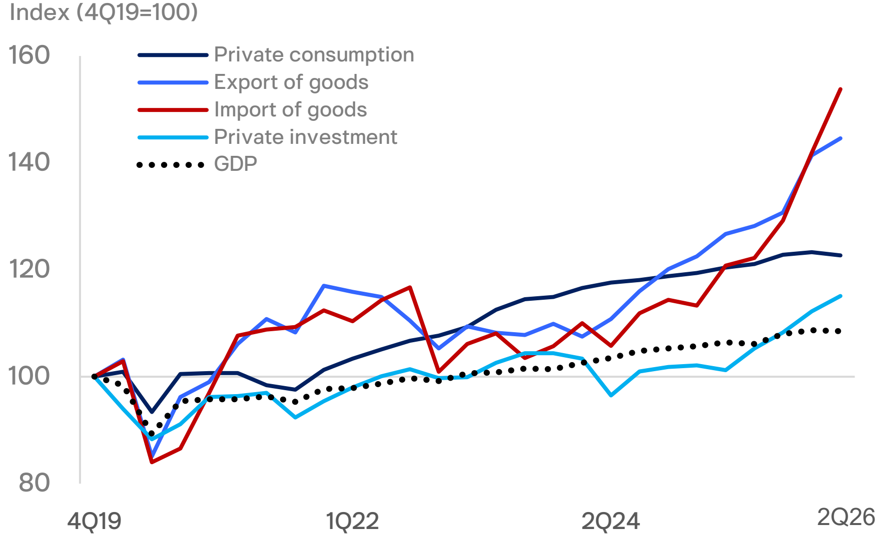
Real GDP growth



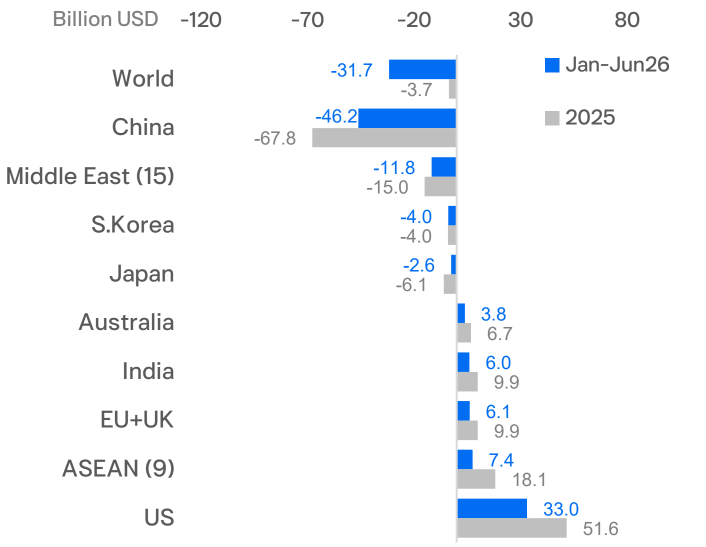
GDP growth composition and NESDC's projection

% compared to previous year (%YoY)	2024	2025	2026H1	2026		2026F	
				Q1r	Q2	May26	Aug26
GDP	**2.9**	**2.4**	**2.4**	**2.8**	**1.9**	**1.5-2.5**	**2.0-2.5**
Private consumption	4.4	2.7	2.6	3.3	1.9	2.4	2.6
Private investment	-1.9	3.5	11.6	10.1	13.4	3.7	9.6
Government consumption	2.6	0.6	1.8	3.4	0.2	1.2	1.2
Public investment	4.5	8.9	3.8	9.4	-1.6	3.1	3.1
Export of goods	4.4	11.9	14.8	15.5	14.1	9.6	15.1
Import of goods	4.4	9.8	26.3	25.4	27.2	14.2	25.5
Export of Service	22.8	-1.5	2.4	0.3	5.1	-	-
Import of Service	10.7	-4.7	8.9	6.5	11.6	-	-

Real GDP development of selected component



Thailand's trade balance with selected partners*



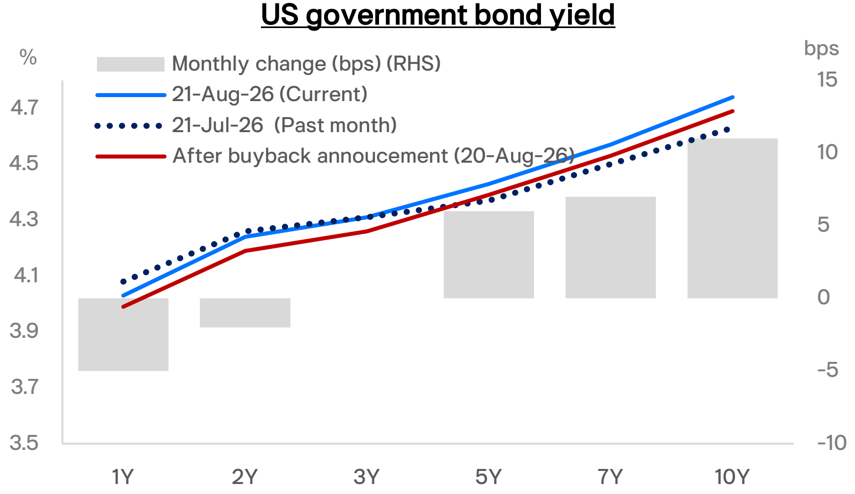
- In Q2/26, Thailand GDP growth expanded by 1.9%, decelerating from 2.8% in Q1/26 (-0.2%QoQsa). The slowdown was driven by both private and public consumption spending. Exports of goods and services continued to expand. While private investment surged to its fastest pace since 2012, supported by strong imports of capital and industrial goods. However, the investment-led increase in imports widened the trade deficit to a record USD 31.7 billion in the first half of 2026.
- For the first half of 2026, the Thai economy grew by 2.4%. In addition, NESDC revised up the GDP growth forecast of 2026 to grow 2.0-2.5% (mid-range 2.2%) from 1.5-2.5% (mid-range 2.0%) in the previous projection.

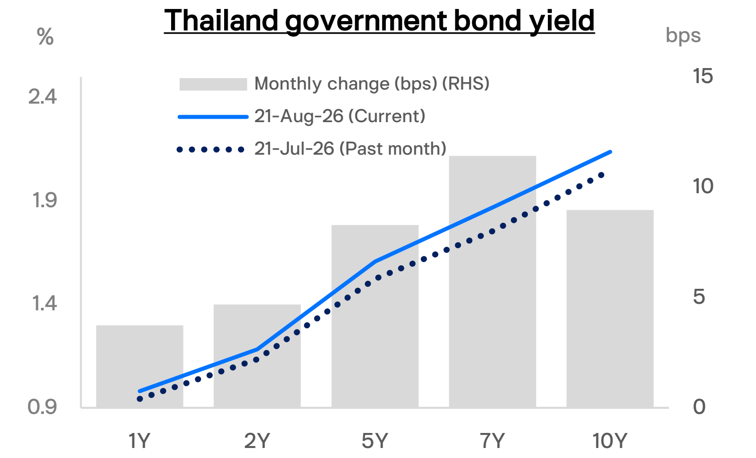
*Source: NESDC and ttb analytics Remark: *Custom basis*

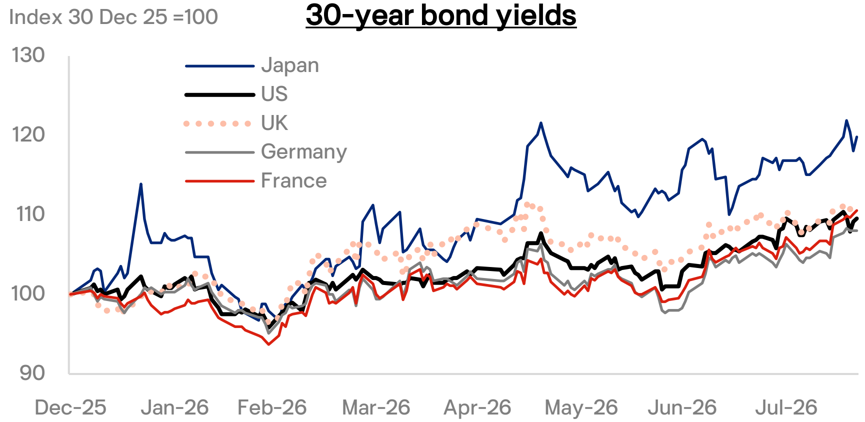
PART 3

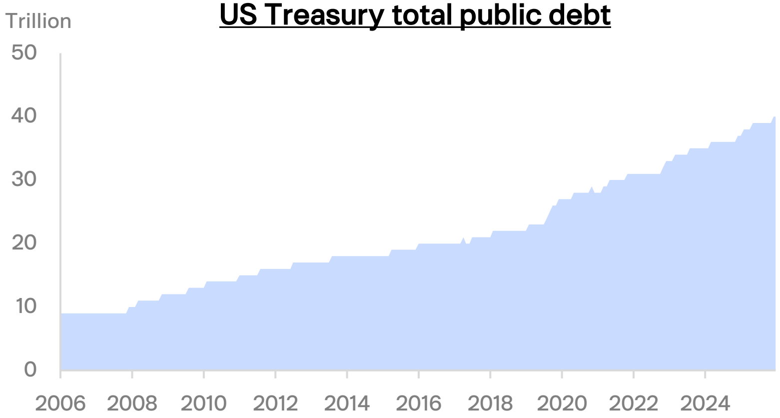
Financial Market

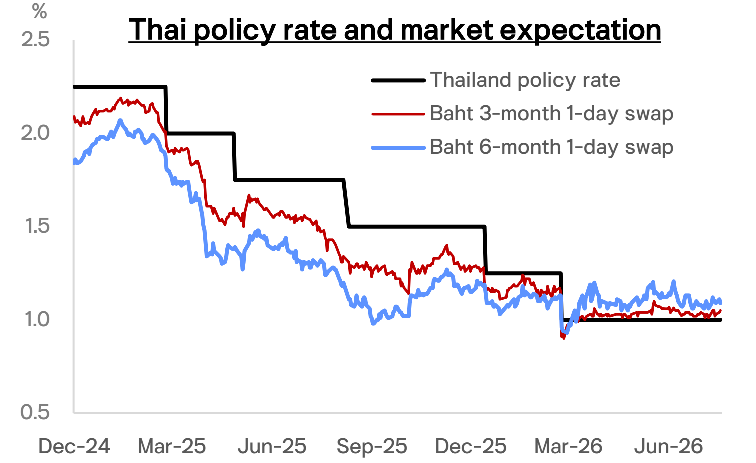
Global bond yields rose, particularly at the long end, tracking US Treasuries amid fiscal and inflation concerns despite markets paring Fed hike expectations











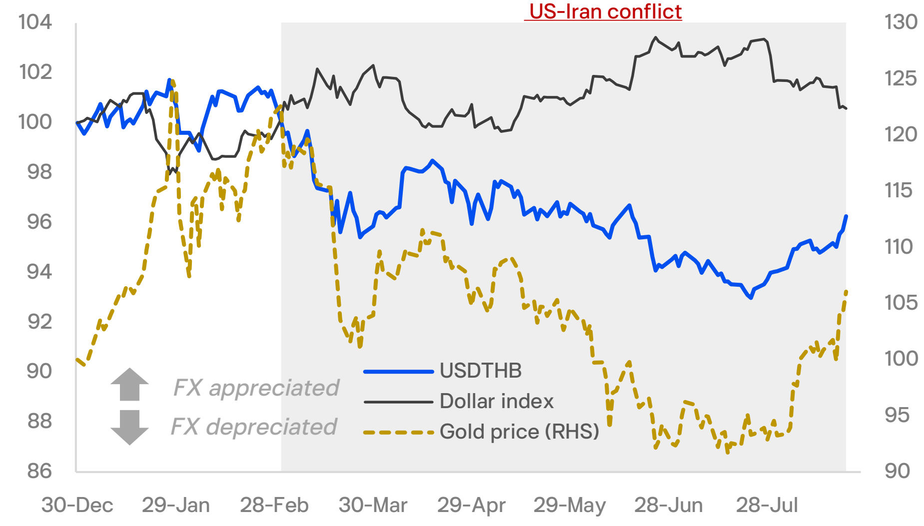
- US Treasury yields continued to steepen, with short-term yields falling after weaker-than-expected labor data and no upside inflation surprises reduced expectations for a Fed hike. Meanwhile, longer-term yields rose amid fiscal and inflation concerns, putting upward pressure on long-end yields globally. The Treasury sought to ease the move with a surprise doubling of its buyback program, though its effectiveness remains uncertain.

- Thai bond yields rose across the curve, tracking global moves, particularly at the long end. Meanwhile, the front end remained relatively anchored as markets expect the BoT to keep rates steady for the rest of the year, supported by recent inflation and Q2 GDP data.

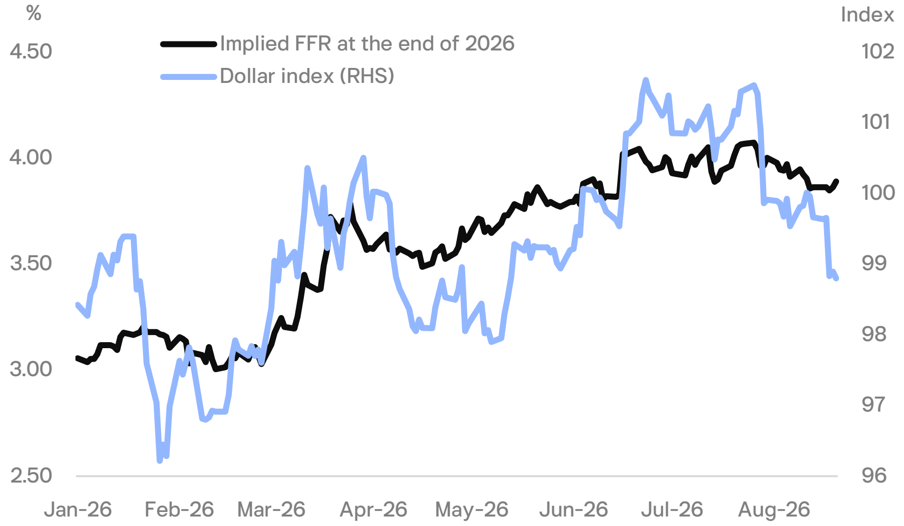
Source: Bloomberg, CEIC, and ttb analytics (Data as of 21 Aug 26)

The dollar weakens as markets price out Fed hike expectations, while the Thai baht strengthens below 33.00, partly supported by higher gold prices.

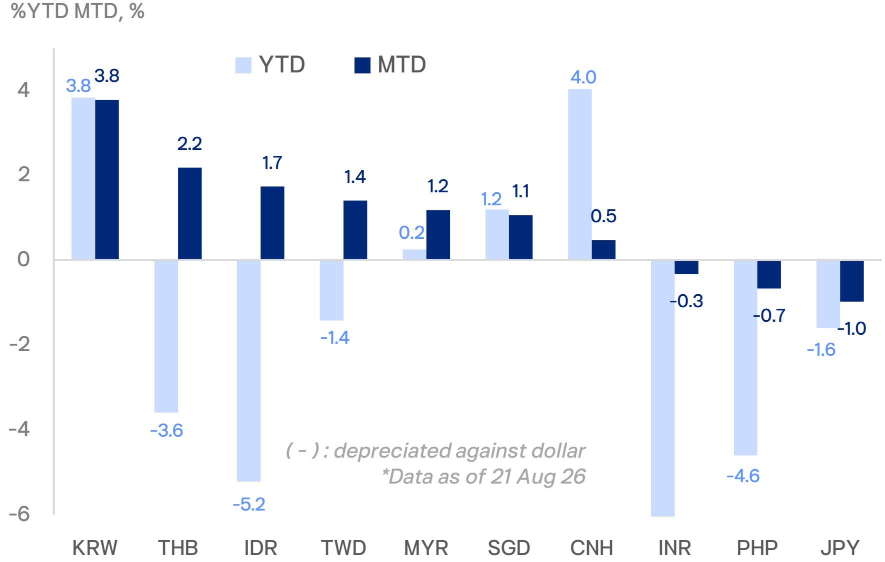
FX movement in 2026



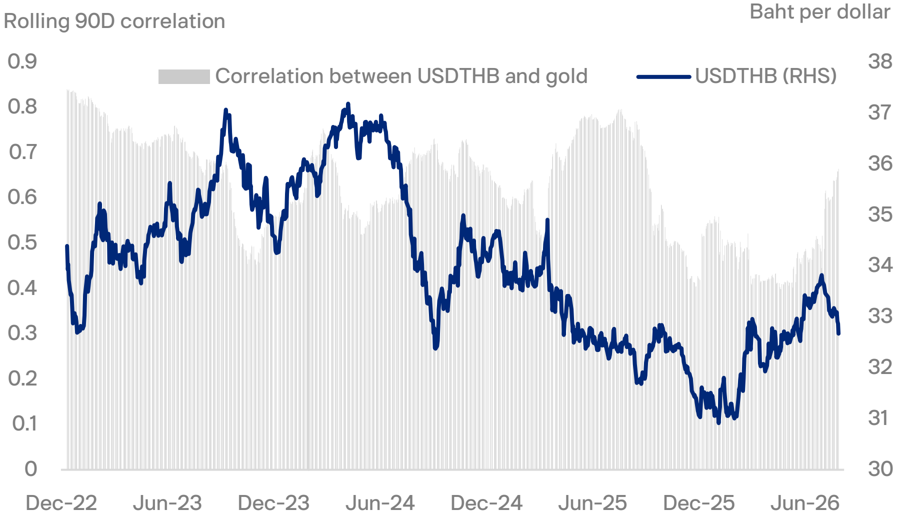
Dollar index and Fed expectations



Selected FX spot return against US dollar



Correlation between Thai baht and gold returns



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

- The US dollar weakened, with the index falling below 100 as softer data prompted markets to pare Fed hike expectations despite lingering inflation risks from Middle East tensions. The dollar fell further after the Treasury's buyback announcement and remained weak despite a rebound in yields, suggesting growing market doubts over US economic strength.
- The Thai baht strengthened, with its MTD return ranking among the top performers despite relatively weak domestic economic fundamentals. The appreciation was largely driven by external factors, particularly broad-based US dollar weakness and the continued rise in gold prices, with the strengthening correlation between the baht and gold highlighting the growing influence of gold-related flows. Looking ahead, the baht remains exposed to depreciation risk toward the end of Q3, in line with seasonal patterns and Thailand's still-fragile economic backdrop. However, gold prices are likely to remain a key swing factor, with further gains potentially supporting renewed baht appreciation into Q4 despite lingering domestic economic weakness.

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