Economic and Financial Outlook

ttb analytics

September 2026

Executive Summary

Global Economy

- Global economic activity remained resilient, with August PMIs pointing to the strongest expansion in over two years, led by robust services growth and sustained AI-related investment. Meanwhile, rising energy prices and escalating Middle East tensions increased inflation risks.
- US economic data support a hawkish Fed outlook as the labor market remains solid and inflation stays elevated. Meanwhile, China's recovery remains uneven as domestic demand stays weak.
- The Fed, ECB, and BoJ all raised rates, while the BoE maintained a tightening bias despite holding rates unchanged. In Asia, policy paths are increasingly diverging, with the BoK and BSP leaning toward further tightening, while other regional central banks remain on hold.

Thai Economy

- In July 2026, overall economic activities expanded compared to the previous month. Private consumption increased, partly supported by government stimulus measures and long-haul tourist arrival recovery. Moreover, exports and private investment continued to expand, driven primarily by technology-related products. Industrial production activities also rose slightly across several sectors.
- The headline inflation (CPI) in August 2026 accelerated from the previous month. This was mainly driven by elevated domestic fuel prices due to escalating geopolitical tensions and lower fuel fund subsidies. Meanwhile, prepared food prices continued to rise broadly, as partly from government stimulus. Fresh food prices also increased due to stronger domestic demand and adverse weather conditions that reduced agricultural output, resulting in accelerating core inflation.
- The Monetary Policy Committee (MPC) voted unanimously to maintain the policy rate at 1.00% in the meeting of 4/2026. The Committee assesses that Thailand's economic growth remains broadly in line with previous projections, although the recovery continues to be modest and uneven across sectors. Inflation has remained below earlier expectations but is expected to gradually increase over the remainder of this year and into early next year.

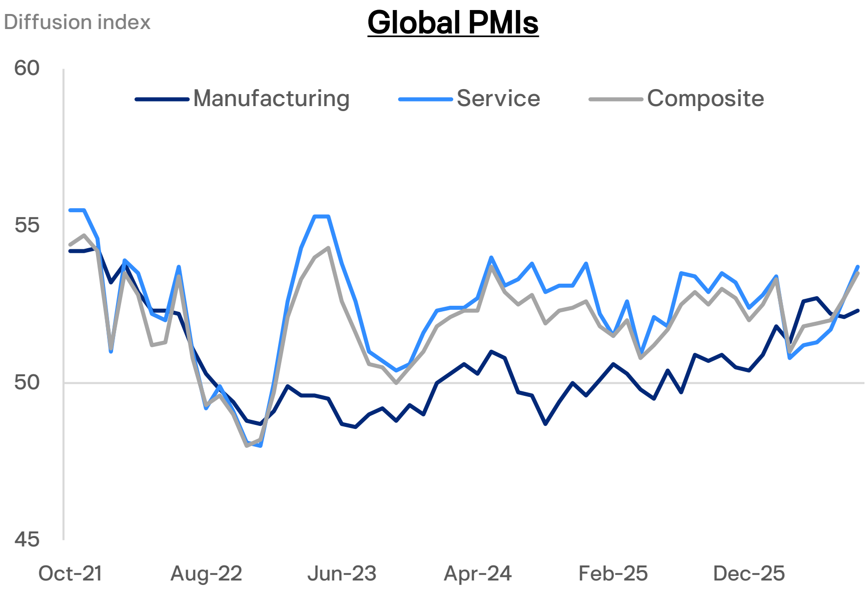
Financial Markets

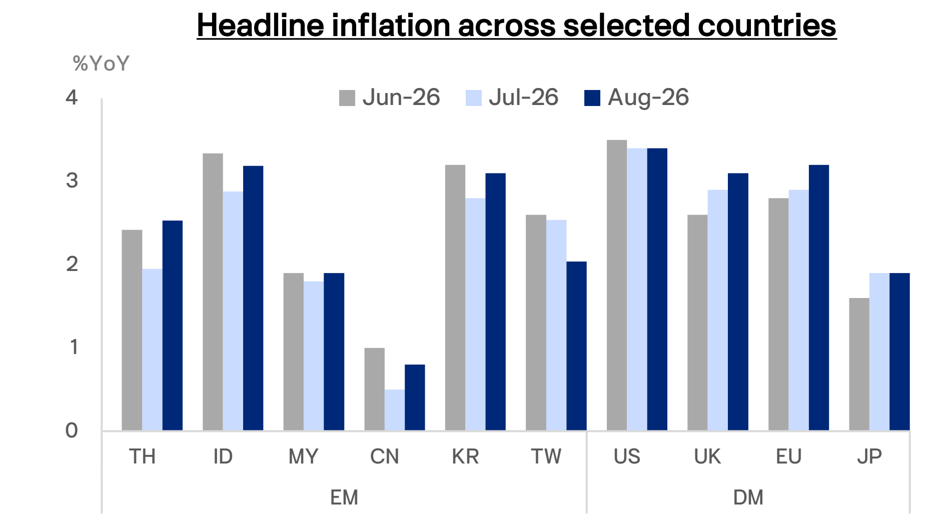
- US Treasury yields rose in a bear-flattening move, with the front-end leading gains following the Fed's latest rate hike, while the 10Y Treasury briefly touched 5.0% amid elevated inflation risks, Middle East tensions, and fiscal concerns. Thai government bond yields also increased, particularly at the long end in line with global yield trends.
- The US dollar strengthened on a more hawkish Fed and rising Middle East tensions, while the Thai baht weakened past 33.00 against the greenback. In contrast, the Thai baht weakened alongside regional currencies, slipping past 33.00 against the US dollar amid broad-based dollar strength.

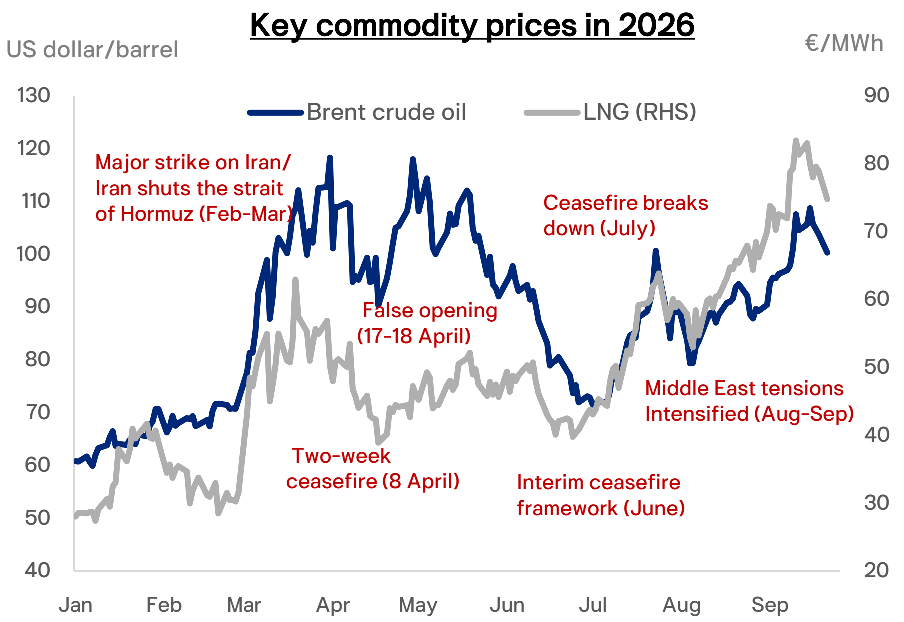
PART 1

Global Economy

Global economy continues to expand amid rising inflation risks







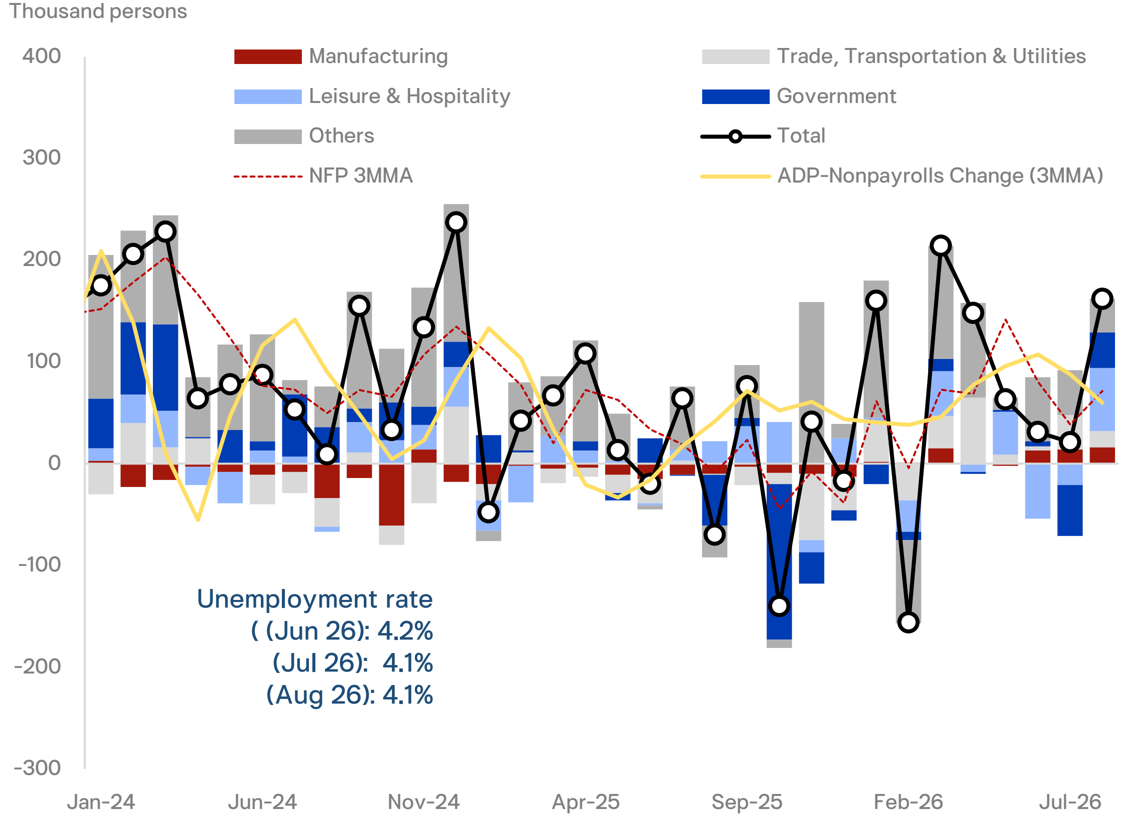
Source: Bloomberg, CEIC, IMF, and ttb analytics (Data as of 21 Sep 26)

- Global economic activity continues to expand, with surprise indices still signaling growth above expectations. August global PMI data showed the strongest pace of expansion in more than two years, as the Composite PMI rose to 53.5. The expansion was led by the services sector, which recorded its strongest performance since December 2024. Manufacturing activity also remained resilient, underpinned by ongoing AI-driven investment. Business confidence improved modestly as concerns surrounding Middle East tensions eased, although uncertainty over US policy continued to temper sentiment.

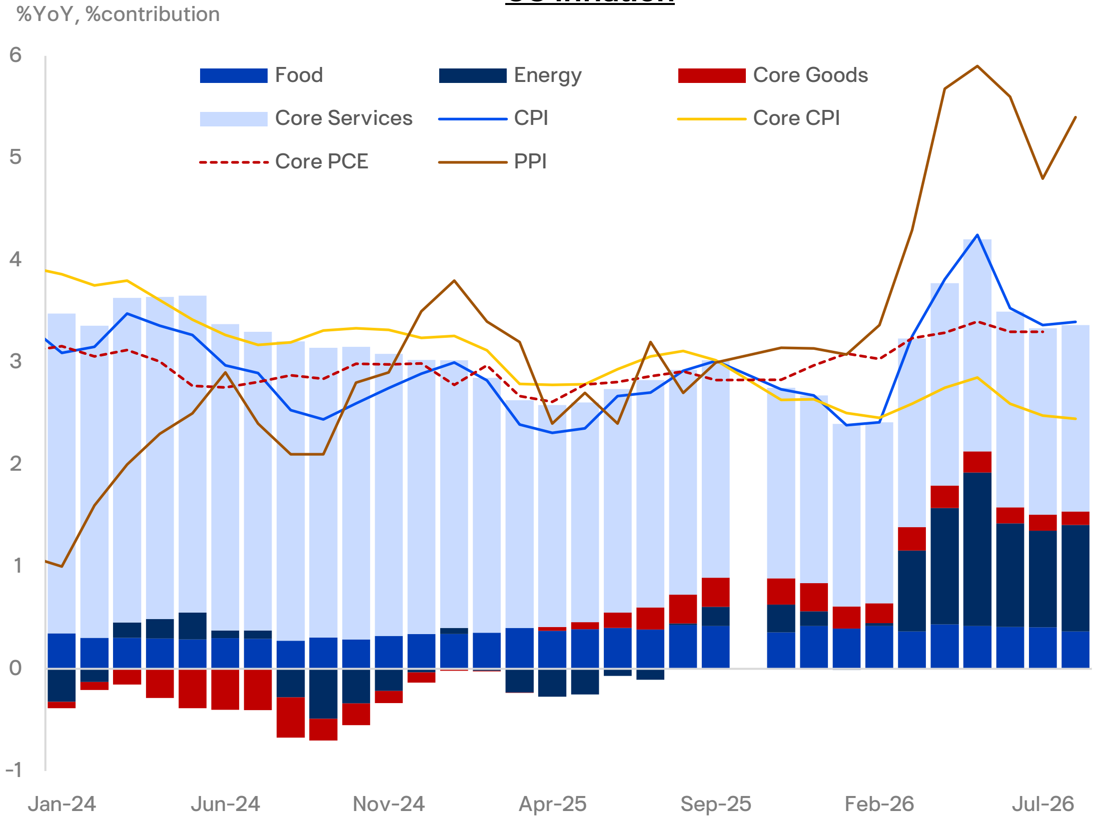
- On the inflation front, price pressures have started to reaccelerate, driven largely by rising energy costs. The recent escalation in Middle East tensions has heightened concerns over energy supply disruptions, particularly amid increasing frictions between Saudi Arabia and the Houthis. Against this backdrop, inflation risks remain tilted to the upside, reinforcing a broadly hawkish stance among global central banks.

US economic data support a hawkish Fed outlook as the labor market remains solid and inflation stays elevated

US labor market



US Inflation

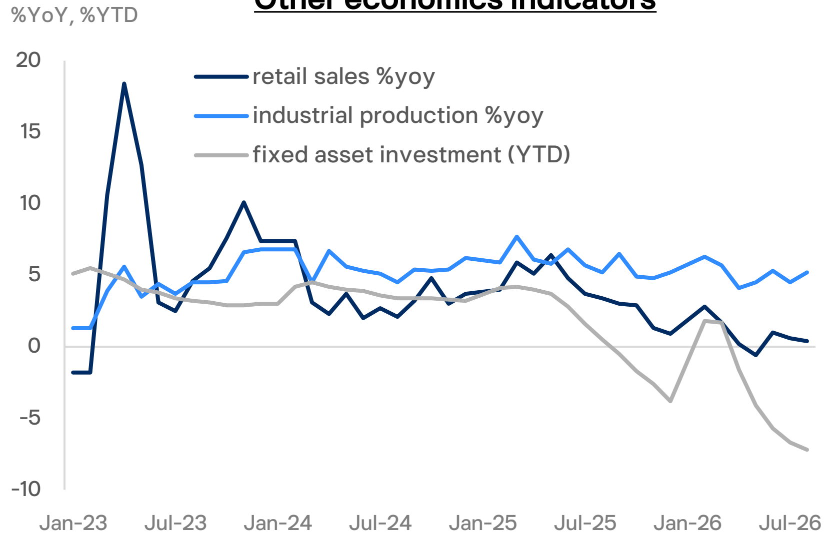


- US economic data reinforced expectations of a hawkish Fed in August, supported by a resilient labor market and persistent inflation pressures. Nonfarm payrolls increased by 162,000, well above expectations, while the unemployment rate held at 4.1%, labor force participation edged higher, and wage growth remained firm, highlighting continued strength in employment conditions. At the same time, inflation stayed elevated, with headline and core CPI rising 0.4% and 0.3% MoM, respectively, driven in part by higher energy prices linked to tensions in the Middle East and disruptions to Strait of Hormuz shipping. Although PPI data were mixed, underlying price pressures remained firm, particularly in energy-related components.

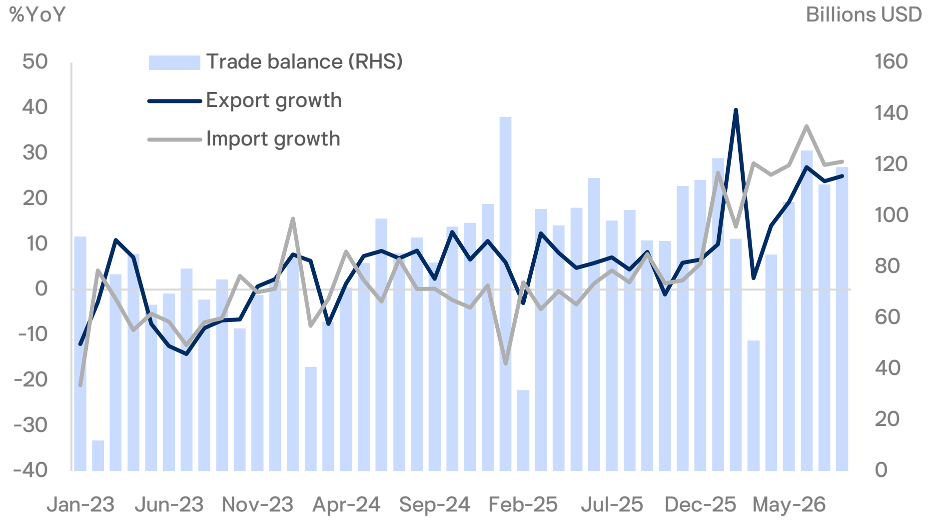
Source: Bloomberg, CEIC, and ttb analytics

China’s recovery remains uneven as domestic demand stays weak

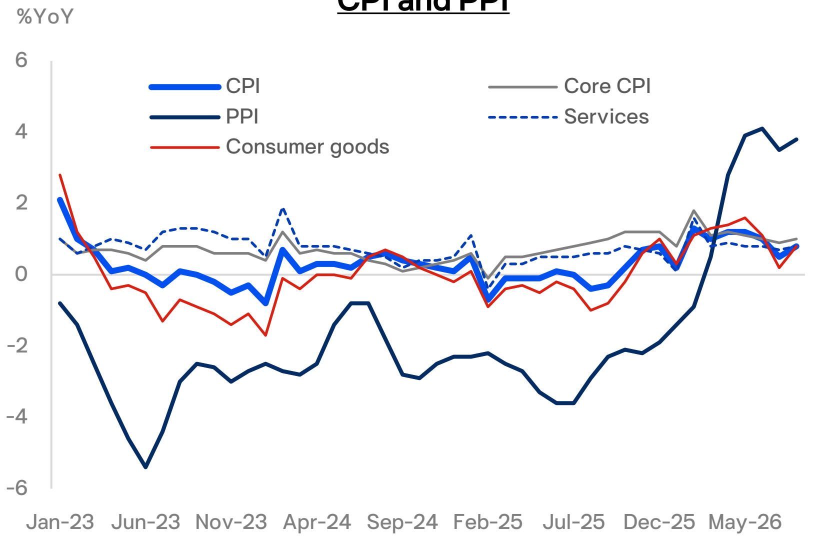
Other economics indicators



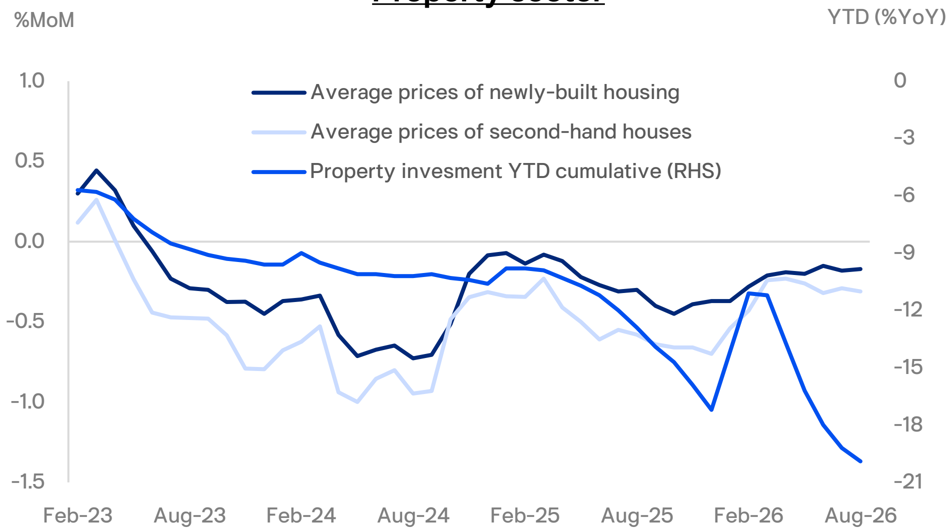
China’s export and import, trade balance



CPI and PPI



Property sector



- China’s economic performance remained uneven in August, with industrial production accelerating to 5.2% YoY, while retail sales growth slowed to 0.4% and fixed-asset investment remained in contraction, underscoring persistent weakness in domestic demand. The property sector continued to struggle, as both new and existing home prices declined further despite additional government support measures. In contrast, external demand remained a key growth driver, with exports and imports surging 25.0% and 28.2% YoY, respectively, generating a USD 119 billion trade surplus and reflecting strong global demand for AI-related products.

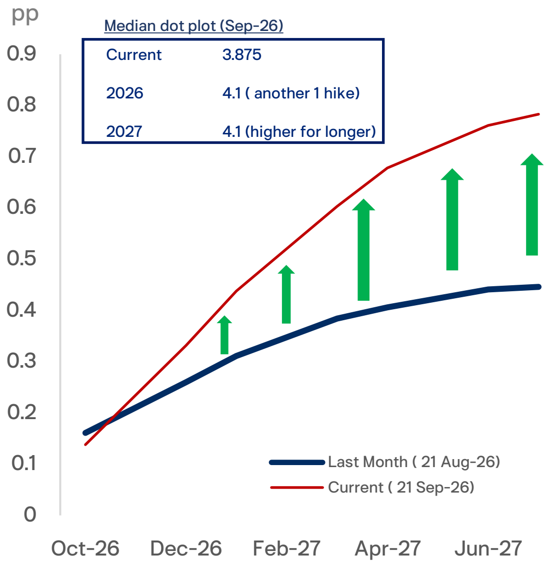
- China’s inflation edged higher in August, with CPI rising to 0.8% YoY and PPI accelerating to 3.8%, driven in part by higher energy and food prices. However, core inflation remained stable at around 1%, underscoring still-weak domestic demand. Meanwhile, credit growth continued to lose momentum, as new bank lending totaled just RMB 60 billion and outstanding loan growth slowed to a record low of 4.9% YoY, reflecting subdued borrowing demand from both households and businesses.

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

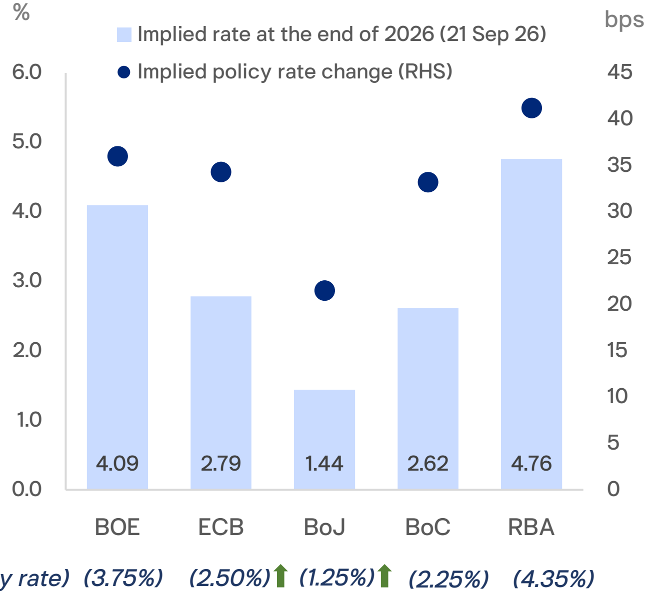
Global central banks remain hawkish as Middle East tensions heighten inflation concerns

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

US policy-implied rate change



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



Notes: The implied policy rate are based on FFR

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	2.82 ↓
KR	3.00 ↑	+50	3.18 ↑
ID	5.75	+100	5.92
IN	5.25	0	5.47 ↓
PH	5.00 ↑	+75	5.25 ↑
TW	2.00	0	2.10 ↑

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

Latest Monetary Policy development

DM

- **The Fed raised rates by 25bp to 3.75–4.00% as expected, with the dot plot signaling one additional hike in 2026** and rates on hold through 2027, reinforcing a higher-for-longer outlook. Chair Warsh maintained a hawkish tone.
- **The ECB raised rates by 25bps as expected**, reaffirming a data-dependent stance while highlighting persistent inflation risks and offering no guidance on future moves.
- **The BoJ raised rates by 25bps to 1.25% as expected**, but a softer tone from Governor Ueda and two dovish dissents tempered expectations for a faster tightening cycle. Further rate hikes will remain data dependent.
- **The BoE kept rates unchanged at 3.75% as expected,** while highlighting rising inflation risks from higher energy prices and signaling readiness to respond to potential second-round effects. The Bank also confirmed plans to fully unwind its gilt holdings

EM

- **China kept benchmark lending rates unchanged for a 16th straight month**, with policymakers showing limited urgency to ease further despite weak domestic demand. Additional rate cuts are likely to depend on a more pronounced slowdown in economic growth.
- **Asian central banks are diverging**, with the BoK, BSP and BI leaning more hawkish amid inflation and currency pressures, while the CBC, BNM and BoT are likely to stay on hold.

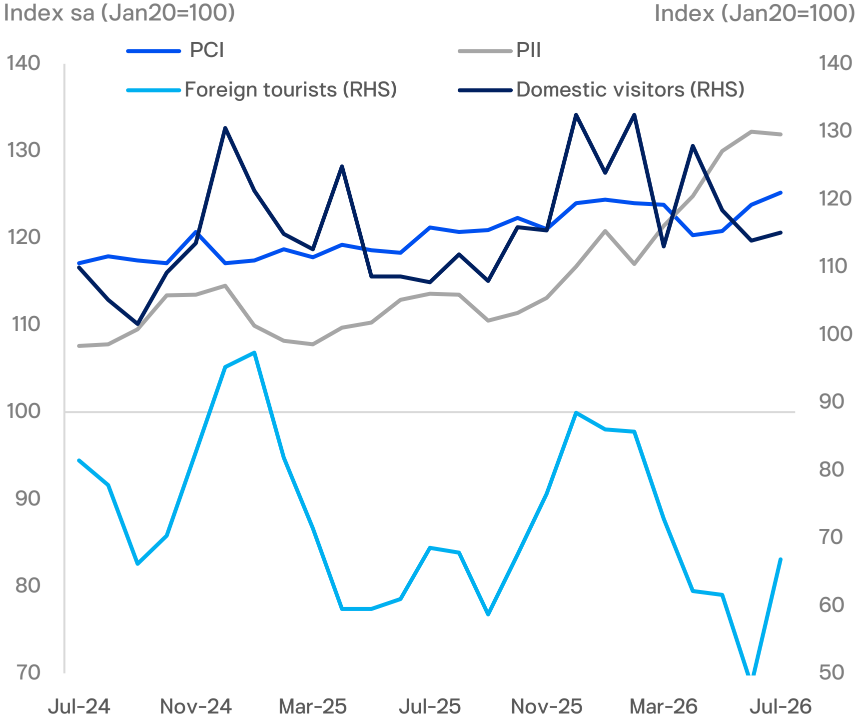
Source: Bloomberg, CEIC, ttb analytics (Data as of 21 September 26)

PART 2

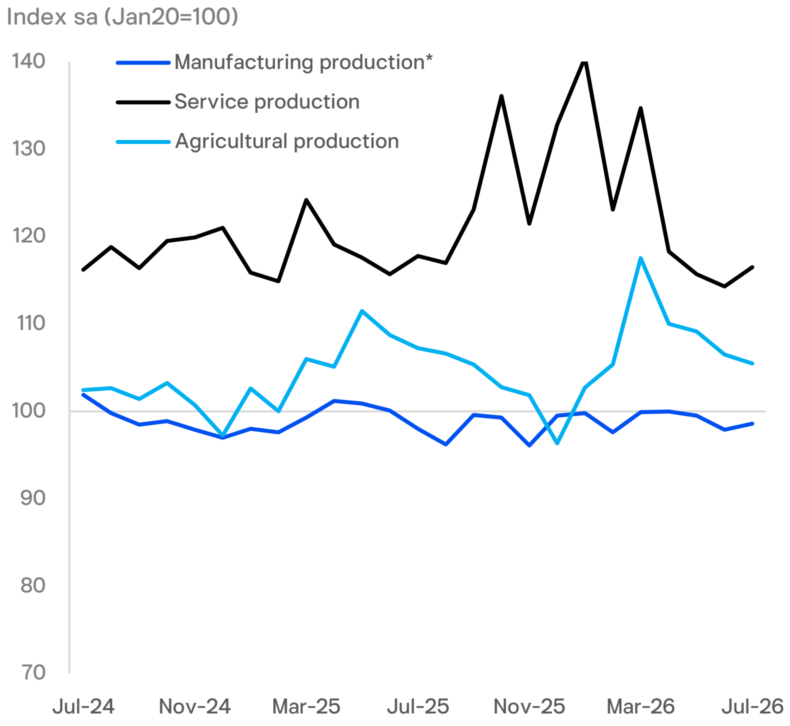
Thai Economy

In July 2026, Thailand's economic activities expanded due to ongoing government stimulus measures and tourism recovery

Demand-side indicators



Supply-side indicators



- In July 2026, overall economic activities increased compared to the previous month. Private consumption increased, partly supported by government stimulus measures and long-haul tourist arrival recovery. Moreover, exports and private investment continued to expand, driven primarily by technology-related products. Industrial production activities also rose slightly across several sectors.
- In the stability front, the headline inflation in August 2026 accelerated due to elevated oil prices, while prepared food prices continued to rise broadly, which resulting in rising core inflation.

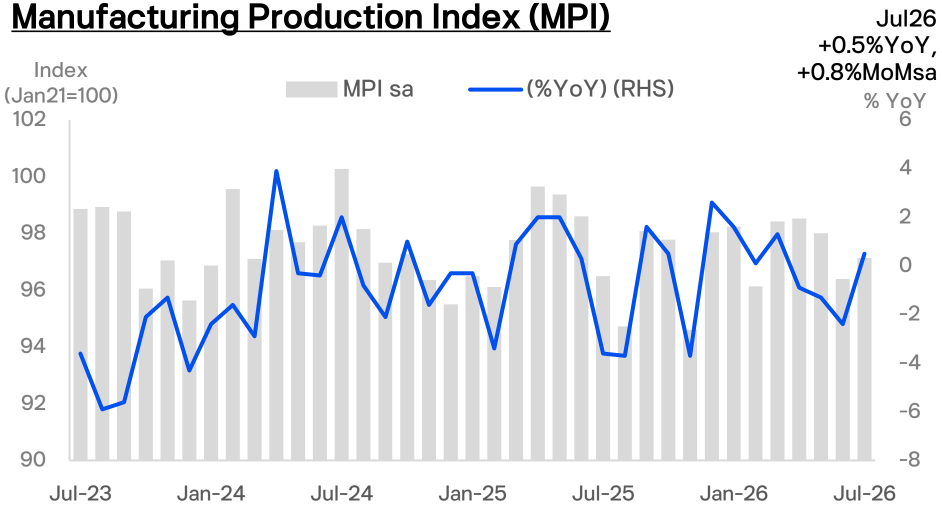
Leading Economic Index (sa) (Jan2020=100)

Leading Economic Index and Components (SA)	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
Authorized Capital of Newly Registered Companies (Million Baht)	125.9	132.6	126.0	124.4	84.7	75.9	138.7	84.0	110.8	126.6	81.4	85.1	98.4
Construction Areas Permitted (1000 sq. m)	94.3	106.9	114.1	114.6	103.5	120.5	92.5	105.5	107.7	92.4	93.9	94.8	98.1
Export Volume index (exclude Gold)	125.8	126.6	128.0	129.0	132.5	134.0	144.1	140.9	144.3	145.8	144.3	149.7	153.6
Business Sentiment Index (3 months)	97.0	99.7	99.8	100.6	101.9	102.5	99.0	98.7	88.9	82.1	93.9	95.8	102.5
SET index	82.0	81.7	84.2	86.5	83.0	83.2	87.5	100.9	95.6	98.6	103.6	105.1	107.2
Oil Price Inverse Index (Dubai)	1.4	1.4	1.4	1.5	1.6	1.6	1.7	1.5	0.8	1.0	1.0	1.3	1.3

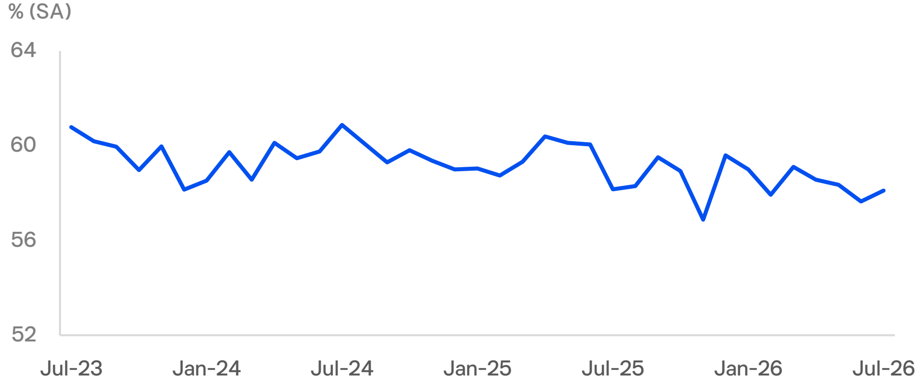
Source: Bank of Thailand and ttb analytics
*Remark: *rebase Jan21 due to OIE new rebase data*

Industrial activity broadly rebounded in July despite softer computer-related production

Manufacturing Production Index (MPI)



Capacity Utilization (CapU)



MPI by sector (base year 2021)

Unit: % YoY

Contribution	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
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)	-3.6	-3.7	1.6	0.5	-3.7	2.6	1.6	0.1	1.3	-0.9	-1.3	-2.4	0.5

- As of July 2026, Manufacturing Production Index (MPI) was slightly improved from the previous month, as reflected by higher automotive production in several categories including passenger car (in all engines) and pickup truck in line with strong domestic demand. Production of overall electrical appliance also increased especially household products. Moreover, petroleum products turned into normal production after maintenance period. Meanwhile, production of computer and parts as well as electronic products slowed compared to the preceding period.

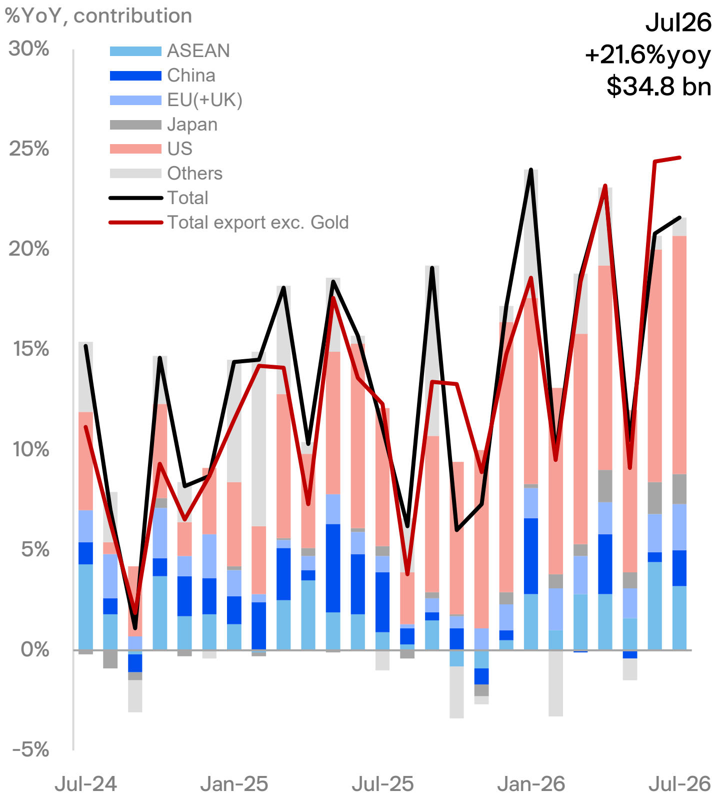
Source: Bank of Thailand, The Office of Industrial Economics and ttb analytics.

Strong US demand continued to support exports, marking over two years of consecutive growth, while strong import momentum persisted

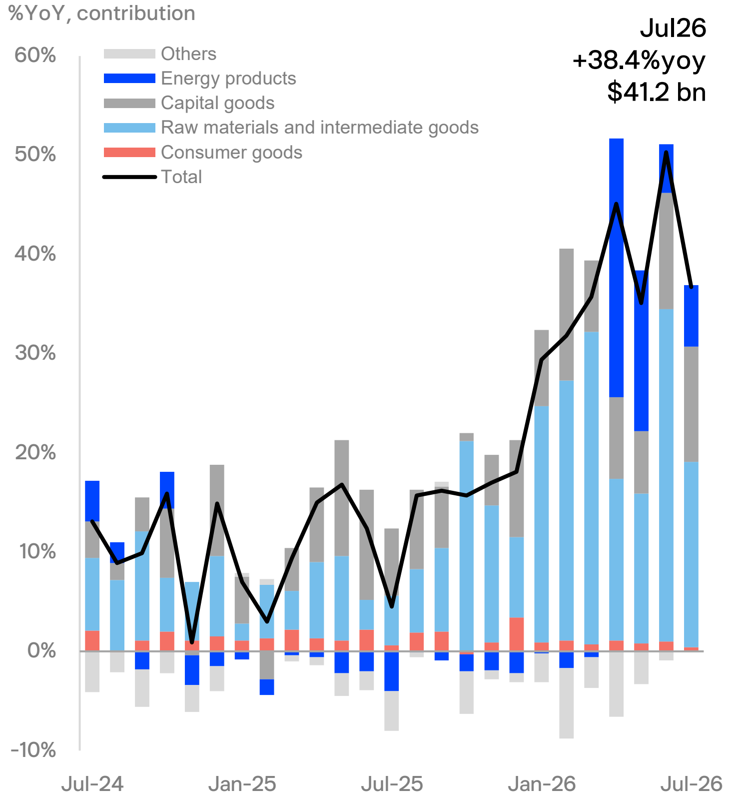
Exports value growth by major product and major destination

Unit: %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
Agri-agro products													
Rice	-16.3%	-30.0%	-31.4%	-38.6%	-18.7%	-27.4%	-23.9%	-5.8%	-19.2%	-12.2%	-16.4%	-17.7%	5.3%
Rubber	-19.9%	-27.9%	-15.4%	-12.5%	-12.0%	-1.9%	-19.3%	-26.2%	-21.6%	-18.1%	-5.3%	12.5%	33.8%
Tapioca products	-12.6%	-5.6%	-9.8%	-19.2%	-28.8%	-4.0%	-21.4%	-19.1%	-17.2%	-18.3%	-38.4%	-48.1%	-40.0%
Fresh, Frozen & Dried vegetable and Fruit	74.0%	-11.0%	-35.6%	-16.4%	-24.5%	12.1%	34.5%	22.2%	-5.4%	52.1%	2.8%	-14.5%	-3.7%
Poultry	9.8%	-3.8%	6.4%	1.2%	-7.4%	14.6%	1.0%	-0.7%	-6.4%	-0.9%	-5.8%	0.6%	-3.3%
Sugar	36.2%	-14.2%	43.4%	8.9%	-10.9%	-8.4%	-36.5%	-52.9%	15.1%	-49.6%	-32.3%	32.7%	-35.1%
Animal feeding	9.1%	-5.6%	2.9%	7.7%	1.1%	18.4%	8.2%	4.7%	4.0%	6.4%	3.1%	22.3%	17.4%
Industrial products													
Motor Cars, Parts, Accessories	4.2%	1.3%	15.4%	14.9%	-5.9%	5.4%	11.3%	7.8%	0.9%	6.8%	-11.4%	6.1%	1.5%
Computer and parts	61.0%	44.1%	57.9%	67.8%	59.9%	51.5%	68.2%	49.8%	34.2%	68.7%	26.8%	57.4%	63.2%
HDD	14.9%	-6.8%	-7.2%	15.3%	-16.2%	-14.5%	27.3%	-2.3%	-20.2%	37.3%	6.8%	31.7%	88.7%
Integrated Circuits	54.9%	37.0%	8.1%	10.8%	17.1%	14.6%	10.9%	6.3%	7.8%	19.4%	-0.5%	23.2%	35.2%
Air Conditioning Machine	6.8%	-14.0%	-5.9%	-2.9%	-14.6%	8.2%	3.8%	2.0%	1.7%	1.1%	-5.1%	2.2%	-4.9%
Refrigerating	56.8%	22.4%	86.3%	69.9%	25.1%	45.1%	48.3%	24.6%	33.3%	-10.9%	-14.5%	-14.6%	-22.6%
Electronic Machines	35.2%	28.3%	42.6%	38.8%	46.2%	52.8%	67.0%	56.8%	43.8%	64.6%	32.5%	66.0%	67.8%
Plastic pallet	-7.1%	-8.7%	-4.3%	-6.6%	-11.4%	-12.2%	-7.5%	-4.4%	-12.9%	14.0%	17.4%	18.4%	16.4%
Chemical Products	-15.2%	-8.5%	-0.6%	-5.0%	-13.6%	-4.2%	0.6%	-6.9%	9.7%	6.9%	9.8%	27.8%	14.4%
Machinery & Parts	44.1%	10.2%	11.3%	2.5%	5.1%	22.8%	9.7%	28.4%	16.6%	29.3%	-2.1%	22.6%	21.7%
Rubber Products	9.7%	-3.1%	7.4%	1.3%	-12.1%	-0.3%	-5.6%	0.6%	5.7%	14.0%	-1.0%	11.4%	8.6%
Refined oil	-43.5%	-23.7%	-30.4%	-22.1%	-31.8%	-15.2%	14.9%	-17.8%	24.6%	17.8%	30.1%	80.9%	120.1%
Jewelry ex gold	41.9%	24.4%	16.9%	25.8%	66.7%	-24.3%	4.5%	-30.0%	86.4%	29.5%	3.2%	16.2%	-5.8%
Total export	11.0%	5.8%	19.0%	5.7%	7.1%	16.8%	24.4%	9.9%	18.7%	23.1%	10.6%	20.8%	21.6%



Imports value by groups

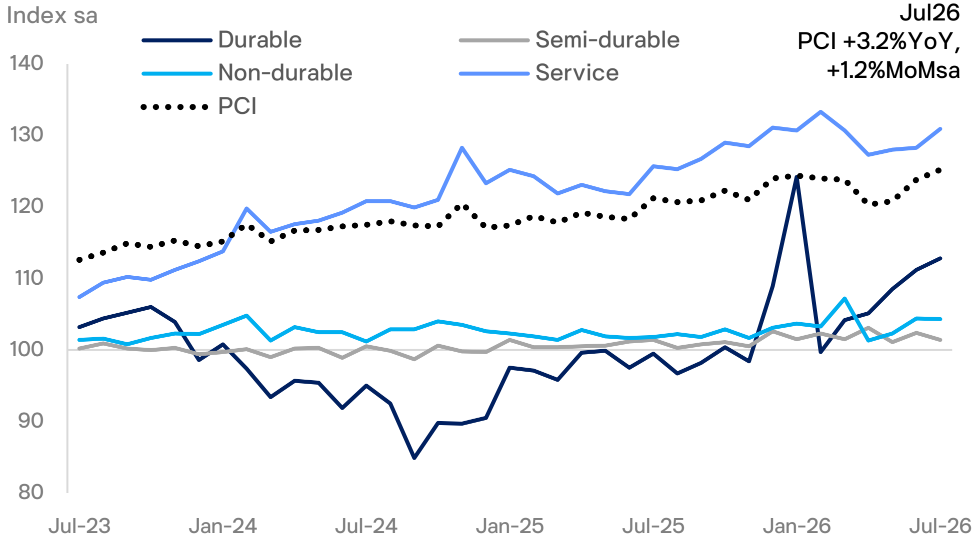


- Thailand's export growth elevated in July 2026. Export to the US remained convincing the growth. These included export of electronics, driven by higher exports of telecommunications equipment, machinery and equipment to the US, as well as electronic circuits and components to China and Hong Kong. Agricultural exports strengthened on durian exports to China after lower export in prior periods, export of pet food was also robust, while automotive exports contracted due to weaker pickup truck shipments to the Middle East and ASEAN. On the other hand, the import value growth firmed, led by raw materials and intermediate goods categories, while import of energy remained high, resulting in the trade deficit of USD 3.6 billions. (First 7 months of 2026, trade deficit of USD 35.3 billions)

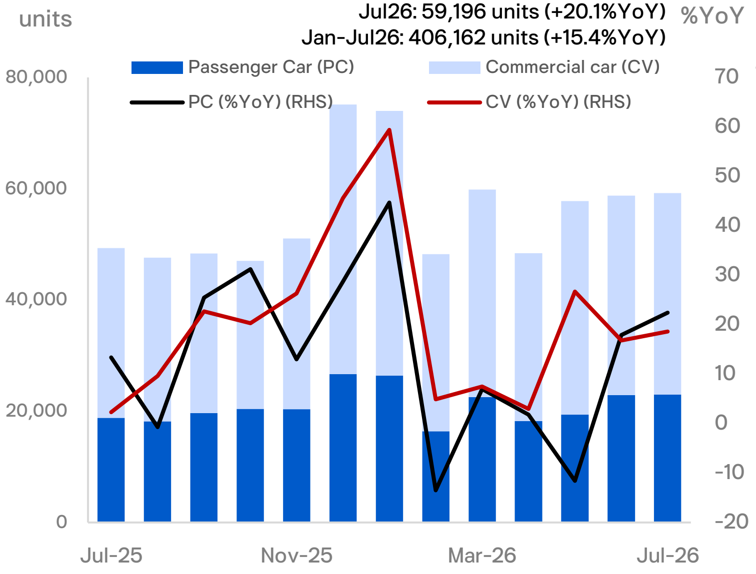
Source: Ministry of Commerce and ttb analytics Remark: Custom basis

Private consumption continued to gain momentum, supported by strong service-related activities and sustained growth in domestic vehicle sales

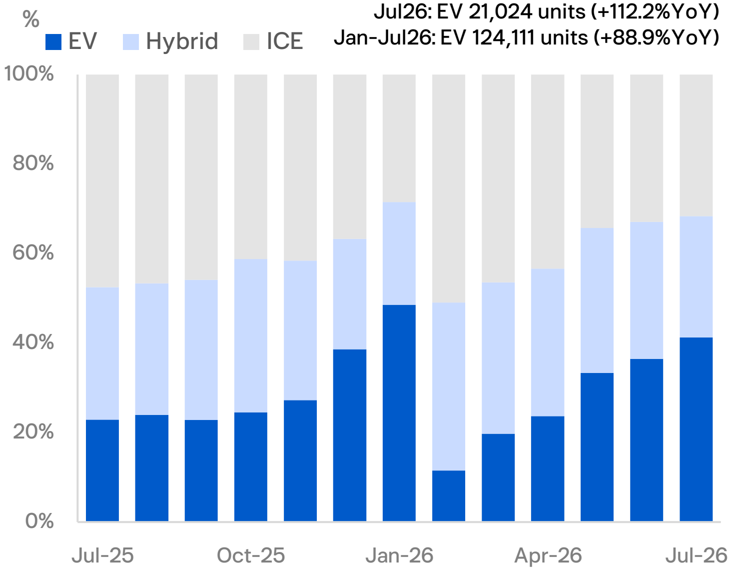
Private Consumption Indicators (SA)



Domestic car sales**

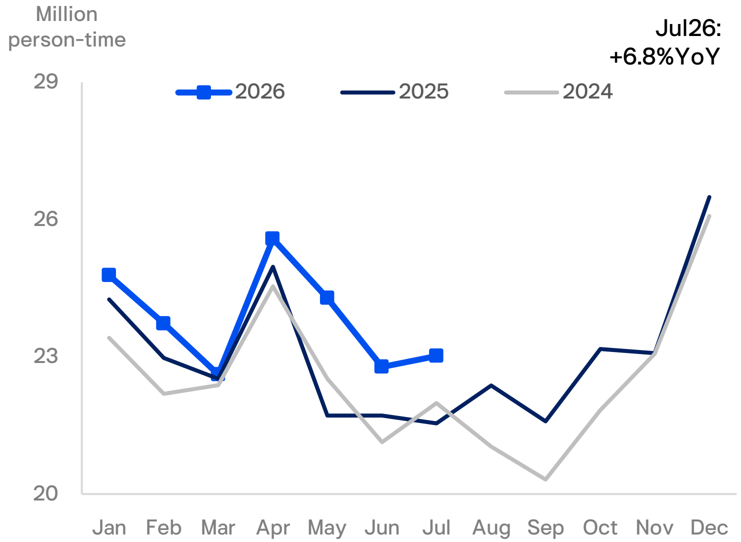


EV penetration of type 1 registration

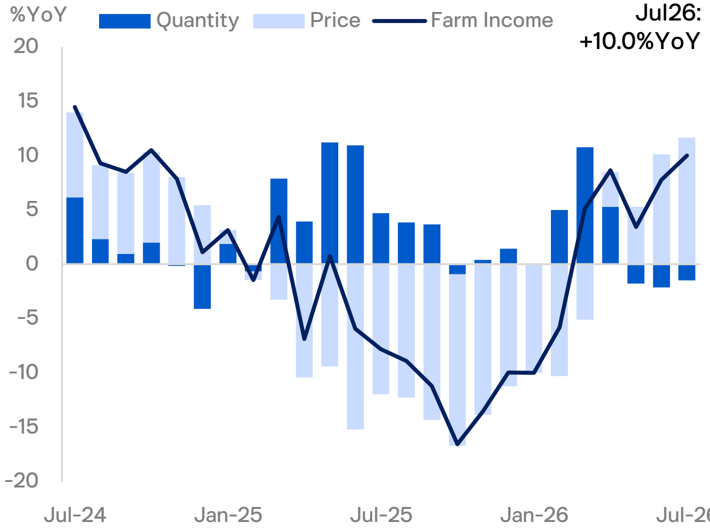


- Private consumption indicators increased from the previous month, driven mainly by higher spending on services, particularly hotels, restaurants, and passenger transportation, thanks to long holiday periods and ongoing government stimulus. Spending on durable goods also increased, reflecting stronger sales of passenger cars and pickup trucks.
- Farm income index continued to grow due to price effect. Specifically, prices of cassava increased on supply shortages caused by disease outbreaks, adverse weather conditions, and limited availability of clean planting materials, palm oil prices also rose due to drought-induced supply constraints in Southeast Asia, stronger biodiesel-related demand, and tight global inventories.

Thai domestic visitors*



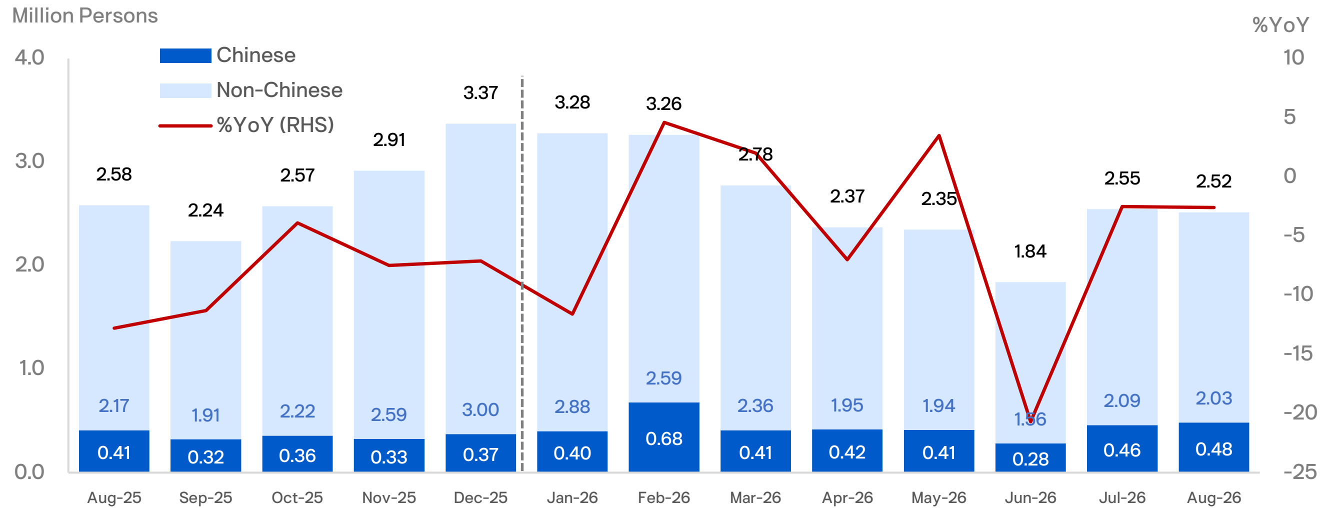
Farm Incomes



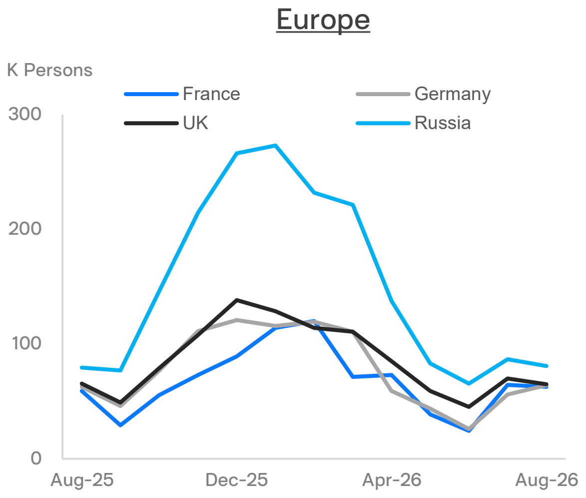
Source: Bank of Thailand, The Federation of Thai Industries, CEIC and ttb analytics
*Remark: *Data not include replication in number of visitors **Commercial Vehicle (CV) covering pickup, PPV and others commercial car, Passenger Car (PC) covering sedan and SUVs,*

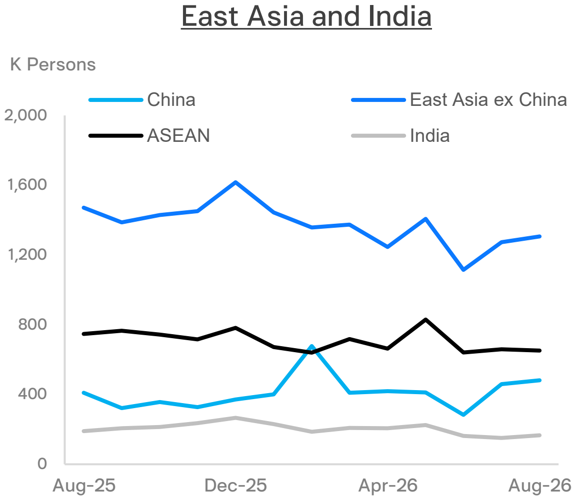
Tourist arrivals relatively stable compared to previous month

Total Foreign Tourist Inbounds

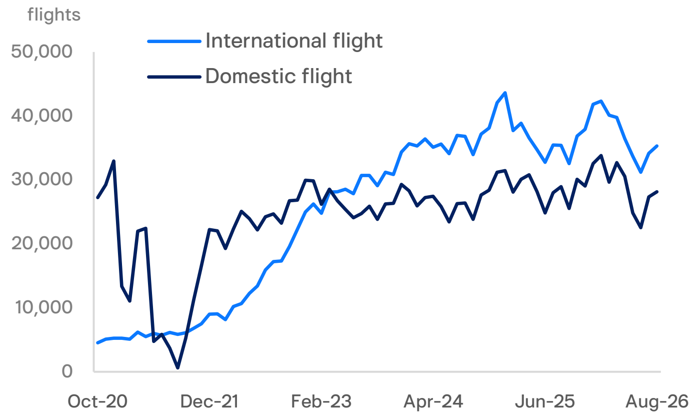


Foreign Tourist Inbounds by key regions

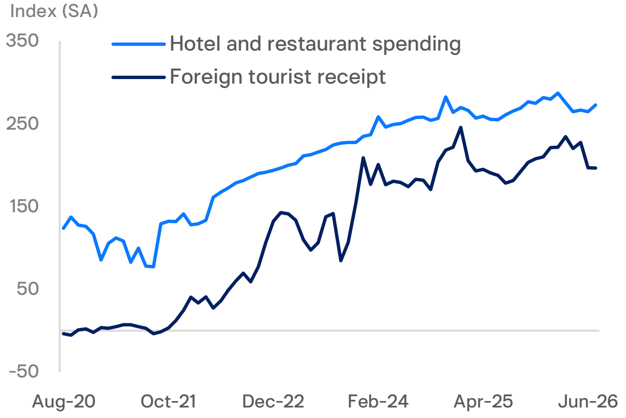


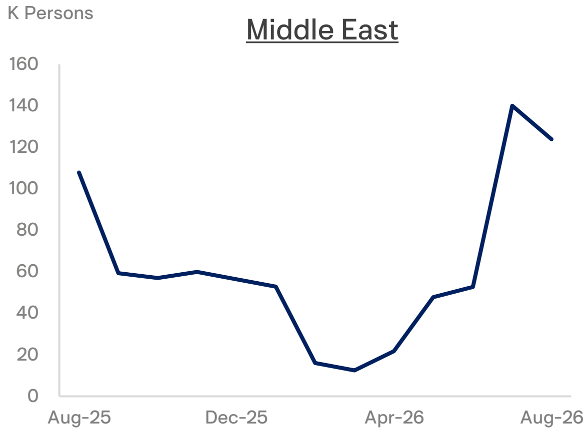


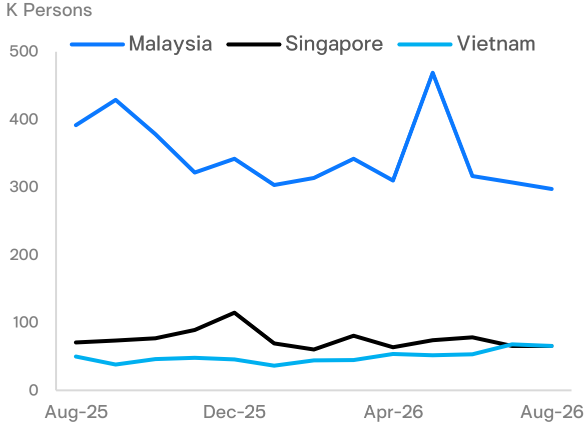
Number of flights via Thailand's airports (total)



Tourism spending indicators





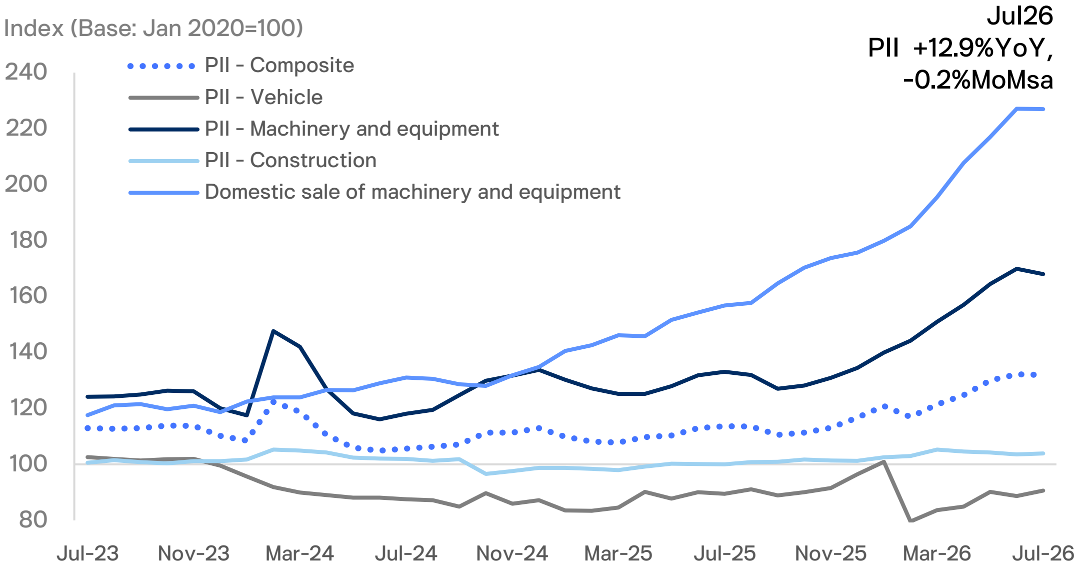


- In August 2026, foreign tourist arrivals remained stable compared to the previous month. Long-haul tourist arrivals continued to improve, supported by the gradual recovery of flight capacity following the easing of Middle East tensions, alongside stronger travel demand during the summer school holiday period in many countries. While tourists from neighboring countries remained contained. Tourists from China rose from the preceding period but far from its peak.

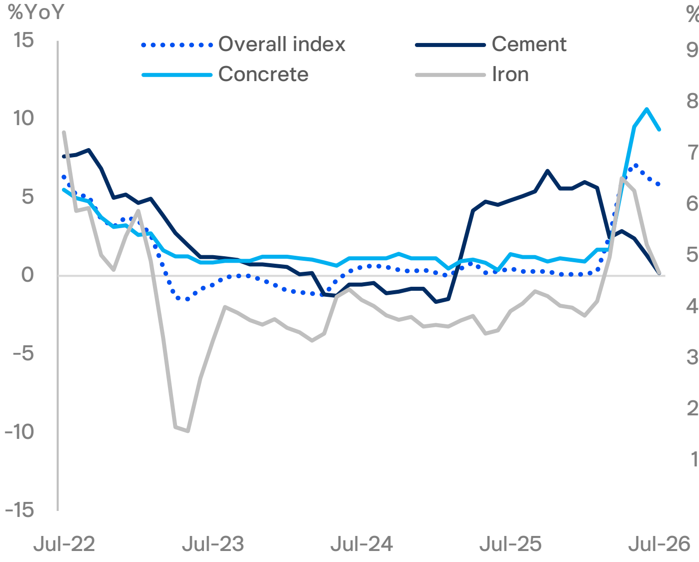
Source: CEIC, TAT Intelligence Center and ttb analytics Remark: 1/ Preliminary data due to an error in the foreign tourist statistics data collection system during 22–25 June 2026

Private investment eased slightly reflecting weaker machinery and equipment investment amid softer capital goods imports

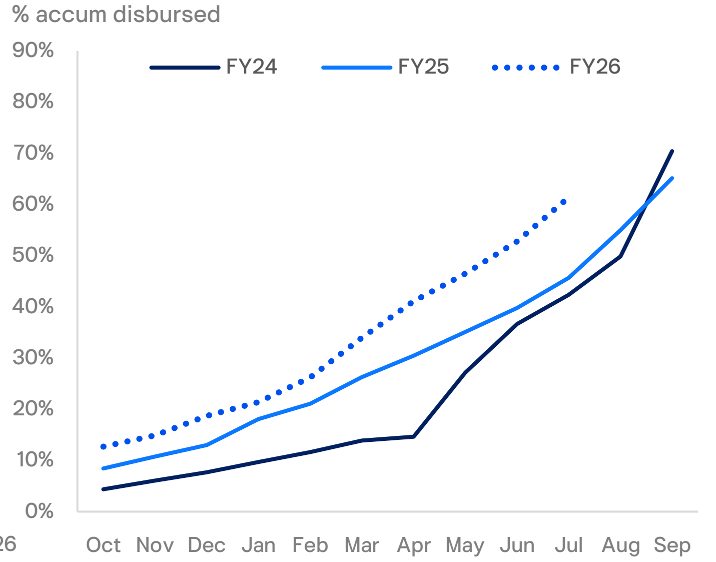
Private Investment Indicators (SA)



Construction Material Price Index (CMI)

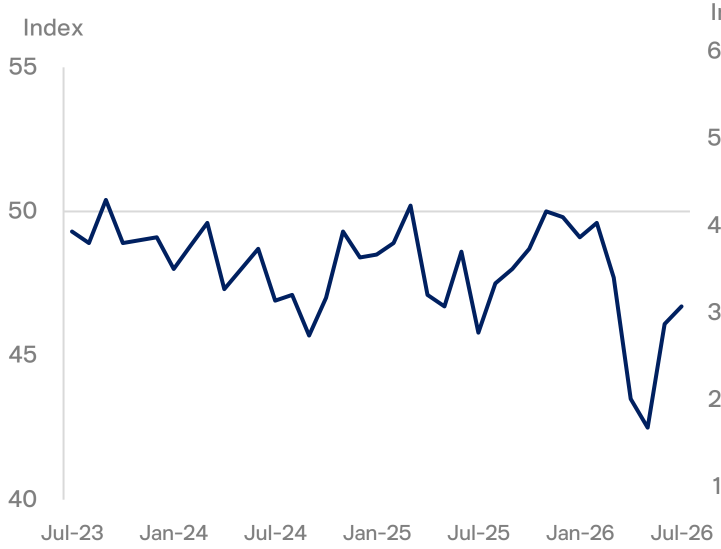


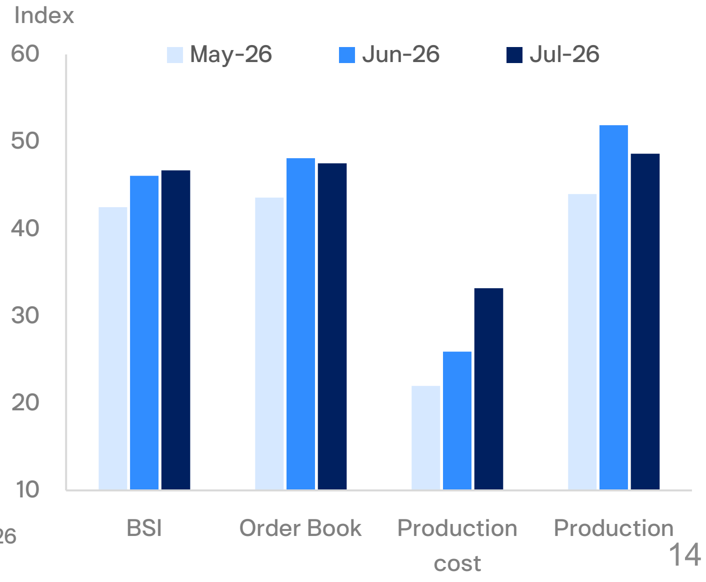
Accumulated govt capital budget disbursement



- Private investment eased slightly from the previous month, reflecting weaker machinery and equipment investment amid softer capital goods imports, particularly telecommunications equipment, electrical equipment, and specialized machinery. Construction activity was broadly stable as a slight decline in residential construction, while vehicle investment increased on higher passenger car registrations.
- BSI in July 2026 showed a slightly improvement in several sub-categories led by non-manufacturing sectors due to lower energy prices and higher airline flight available, in line with the easing of tensions in the Middle East. While indices from manufacturing sector edged down from US tariff concern.

Business Sentiment Index (BSI)



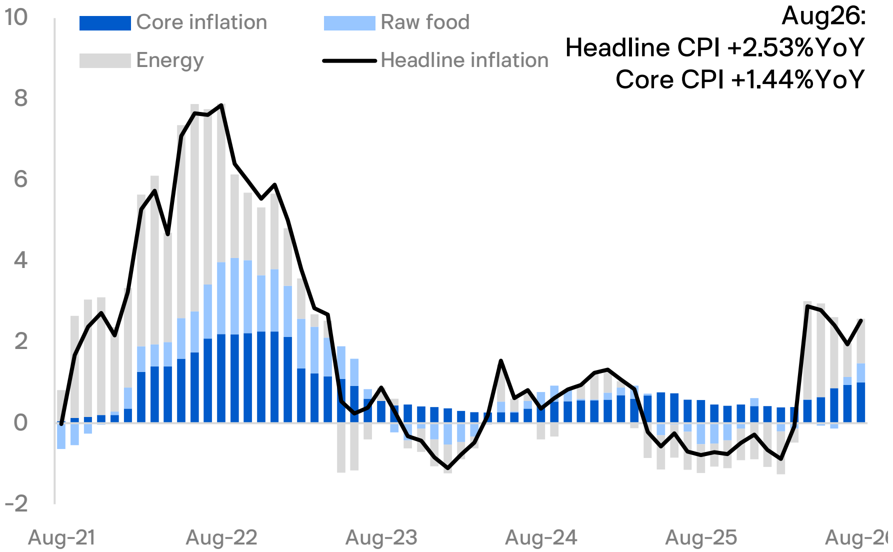


Source: Bank of Thailand and ttb analytics.

Rising energy prices and stimulus-driven demand added to broad-based August's inflation pressures

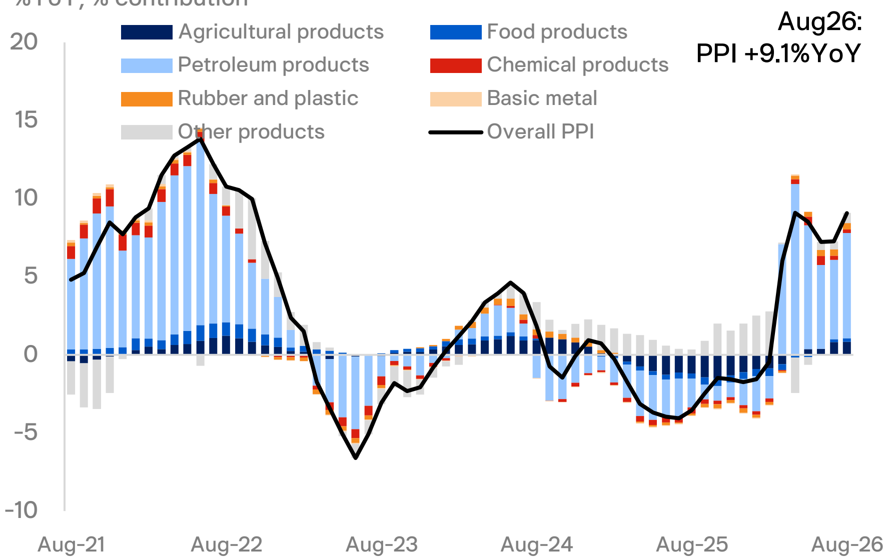
Inflation contribution to growth

%YoY, % contribution



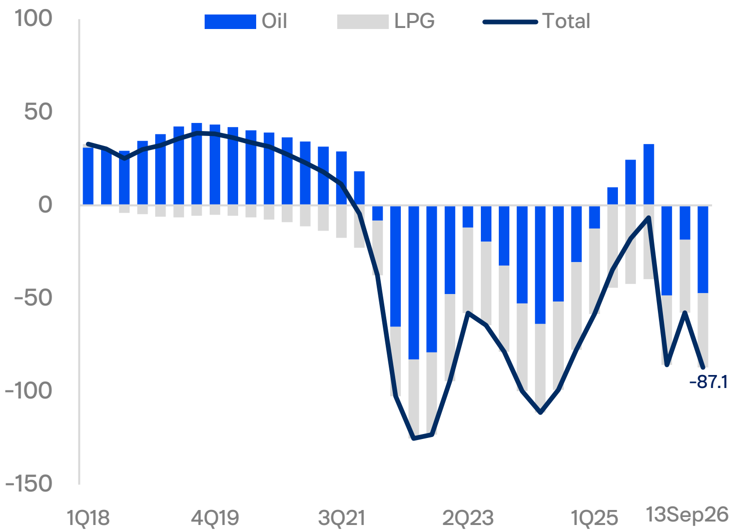
Producer Price Index (PPI) contribution to growth

%YoY, % contribution



Estimated Oil Fund Position

Billion THB



Price change in top categories

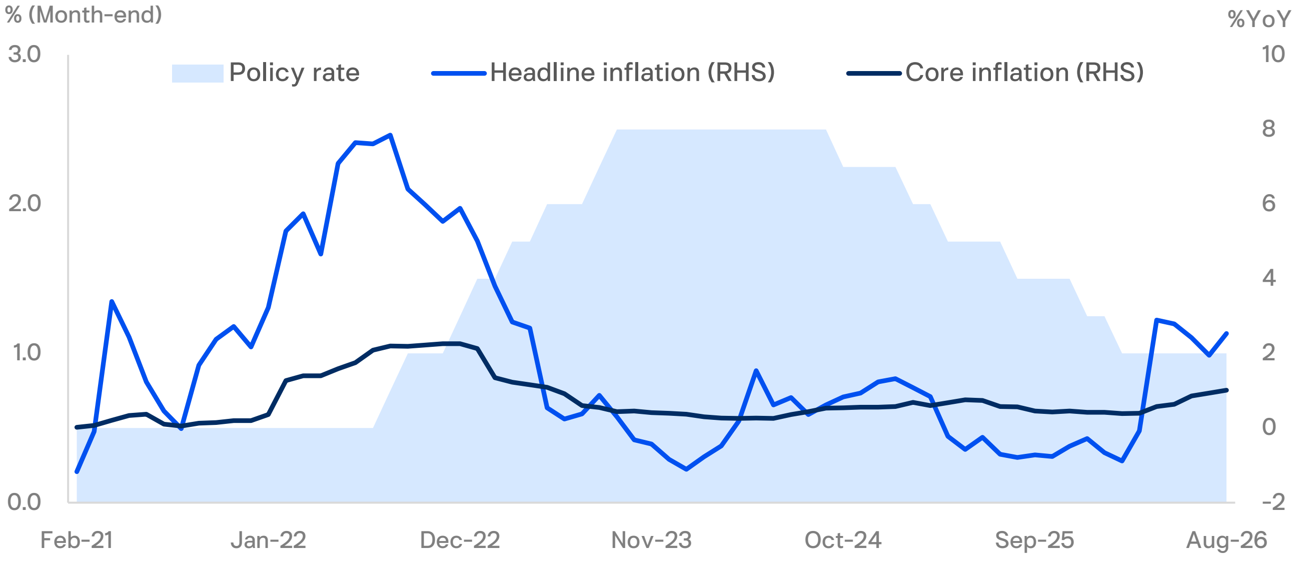
%YoY	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
Headline inflation	-0.79	-0.72	-0.76	-0.49	-0.28	-0.66	-0.88	-0.08	2.89	2.79	2.42	1.95	2.53
Raw food	-2.99	-2.89	-2.44	-0.78	1.19	0.01	-1.18	-0.78	0.04	-0.34	-0.75	1.14	2.73
Prepared food	2.54	1.99	1.67	1.74	1.96	1.73	1.54	1.68	2.31	2.63	3.05	3.25	3.72
Meat and Poultry	3.36	1.71	-0.05	0.09	0.83	0.72	-0.72	-0.58	-1.62	-3.13	-3.24	-2.14	-0.30
Eggs and dairy products	-3.72	-3.78	-3.74	-3.79	-2.14	-1.73	-2.92	-0.49	3.18	0.65	1.23	2.17	5.16
Utilities	-1.36	-2.09	-2.11	-2.11	-3.15	-4.67	-4.66	-3.14	-0.16	-0.39	-0.39	-0.44	-0.44
Energy	-5.55	-4.46	-5.40	-6.11	-6.98	-8.41	-8.29	-2.76	18.87	18.09	13.70	6.54	8.59
Core inflation	0.81	0.65	0.61	0.66	0.59	0.60	0.56	0.57	0.83	0.92	1.23	1.34	1.44

- The headline inflation (CPI) in August 2026 accelerated from the previous month. This was mainly driven by elevated domestic fuel prices, reflecting higher global crude oil prices due to escalated geopolitical tensions and lower fuel fund subsidies. Meanwhile, prepared food prices continued to rise broadly at a relatively strong pace, as partly from government stimulus. Fresh food prices also increased due to stronger domestic demand and adverse weather conditions that reduced agricultural output. As a result, core inflation accelerated further from the previous month.
- Producer Price Index (PPI) increased to its highest level in months, supported mainly by higher prices of petroleum-related products (e.g., crude oil and natural gas) including prices of rubber and plastic products. Moreover, prices of agricultural and fishery products also edged up due to base effect and lower supply available in some products.

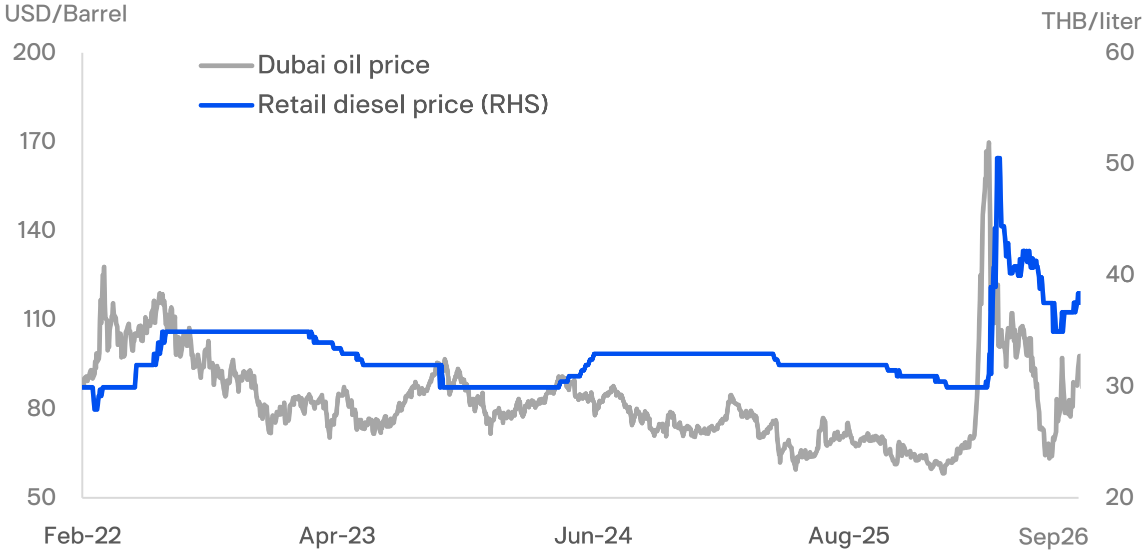
Source: Ministry of Commerce, CEIC and ttb analytics

Despite heightened inflation risks from middle east tensions, the policy rate expected to be maintained at 1% through next few quarters

Thailand's policy rate and inflation

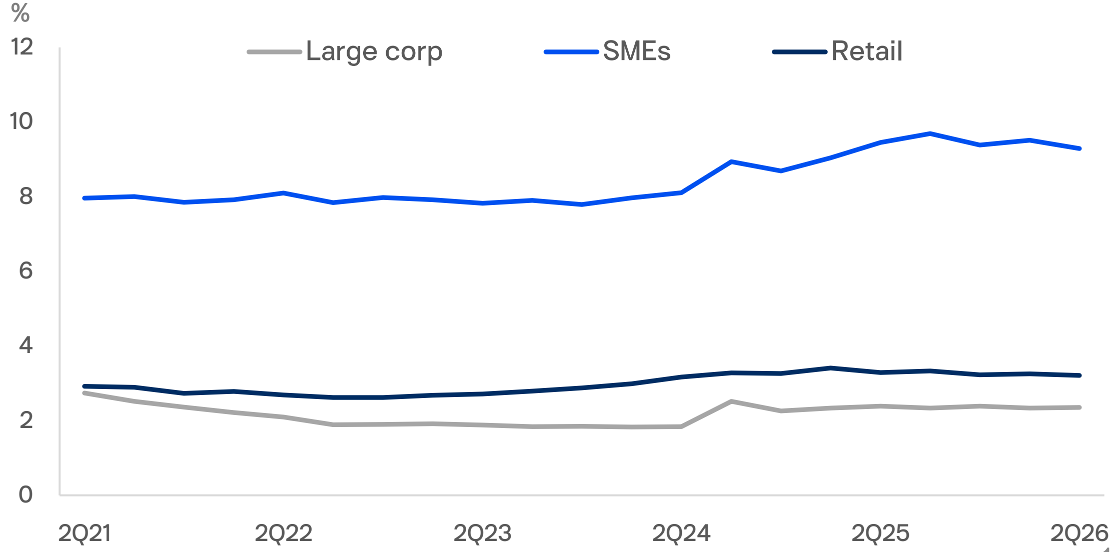


Dubai oil prices and domestic retail Diesel oil price



- The Monetary Policy Committee (MPC) voted unanimously to maintain the policy rate at 1.00% in the meeting of 4/2026. The Committee assesses that Thailand's economic growth remains broadly in line with previous projections. Inflation has remained below earlier expectations but is expected to gradually increase over the remainder of this year and into early next year.
- Despite the escalating Middle East conflict, which has been pushing global oil prices above $100 a barrel, marking the highest level since this March, and sparking the concerns over rising inflation, the Thai economy continues to expand at a modest and uneven pace. While accelerated exports and investment linked to the technology and AI cycle have provided support, the benefits to the economy remain limited due to its high reliance on imports. Meanwhile, SMEs continue to face challenges and intensifying competitive pressures as reflected by persistently high Stage 3 ratio. Against this backdrop, ttb analytics expects the MPC to maintain the policy rate at 1.00% for at least the next two to three quarters.

Stage 3 ratio of Thai commercial banks (exc. Interbank)



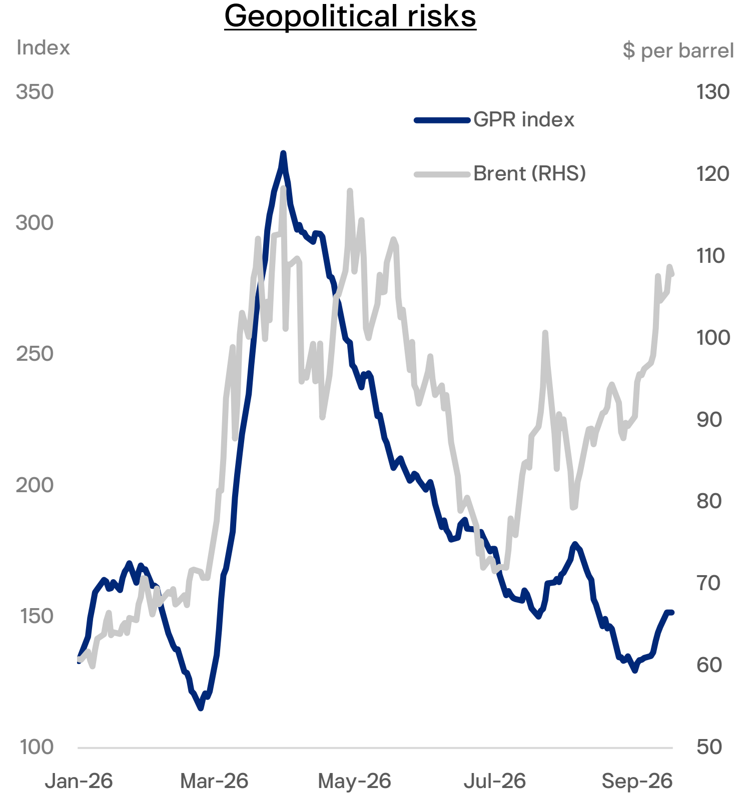
Source: Bank of Thailand, CEIC and ttb analytics

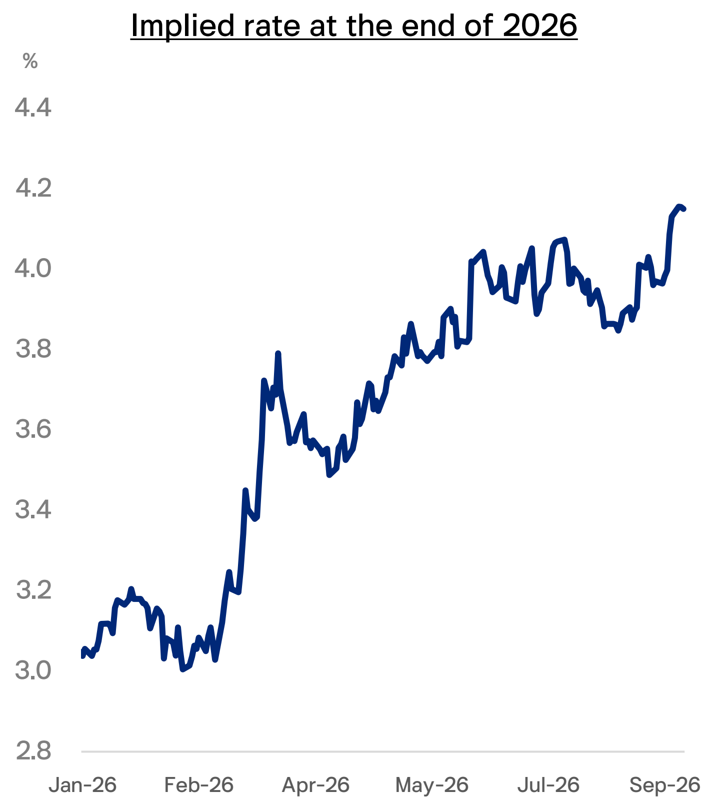
PART 3

Financial Market

Risk-off sentiment has dominated asset performance in September

Drivers of the September risk-off move





- Markets turned risk-off in September as escalating Middle East tensions heightened concerns over energy supply disruptions and inflation, while increasingly hawkish signals from the Fed reinforced expectations of higher interest rates for longer. Global equities retreated, with growth stocks underperforming value amid rising discount rates. Government bond yields, particularly in the US and Thailand, moved higher as markets repriced policy expectations. The US dollar strengthened higher yield support, whereas oil prices outperformed on fears of supply disruptions stemming from geopolitical developments.

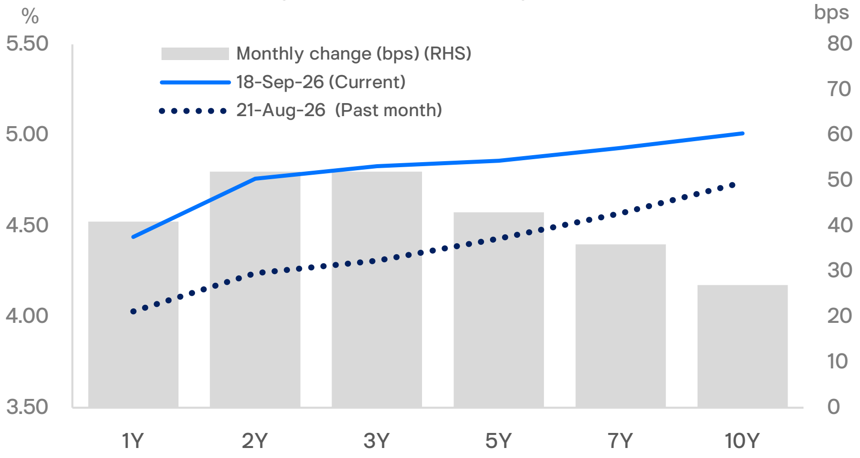
Change in market indicators

Market Indicator	YTD	QTD	MTD
Equity (price/index return)			
MSCI World	9.60%	1.30%	-1.60%
MSCI Growth stock	5.00%	-2.60%	-2.60%
MSCI Valued stock	14.40%	5.30%	-0.70%
S&P 500	10.00%	1.20%	-1.30%
MSCI Asia ex Japan	21.30%	-3.20%	-2.80%
SET Index	25.30%	-0.80%	-1.00%
Fixed income & Credit (yield/spread change)			
US 2Y (bps)	121	49	32
US 10Y (bps)	88	54	25
IG Credit spread (bps)	2	5	1
HY Credit spread (bps)	9	6	15
TH 2Y (bps)	19	16	13
TH 10Y (bps)	73	33	21
FX & Commodities (price/index return)			
Dollar index	1.40%	-1.60%	0.20%
Asia dollar index	1.20%	2.00%	-0.10%
USDTHB	-5.40%	-0.30%	-0.50%
Gold	-1.10%	7.10%	-3.30%
Oil	82.60%	52.30%	23.40%

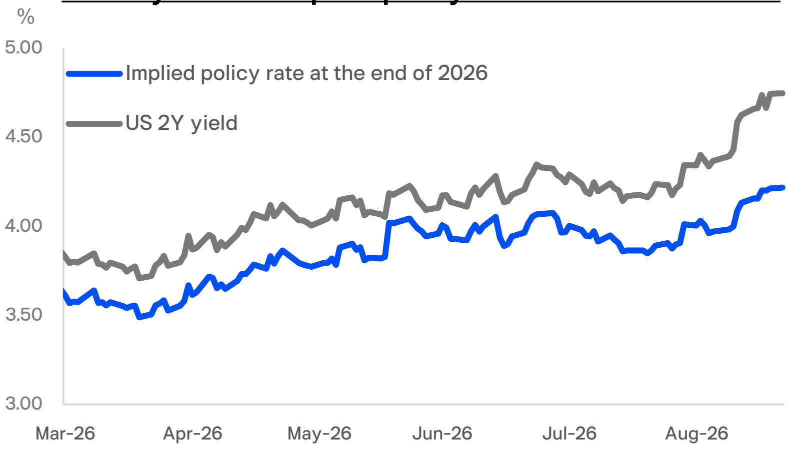
Source: Bloomberg, CEIC, and ttb analytics (Data as of 15 Sep 26)

Global bond yields rose across the curve, with the 10Y UST briefly touching 5.0%. Thai bond yields also moved higher, particularly at the long end, tracking global yield trends

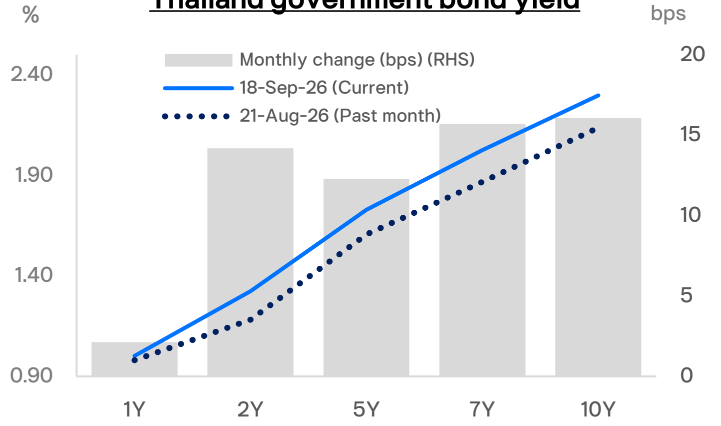
US government bond yield



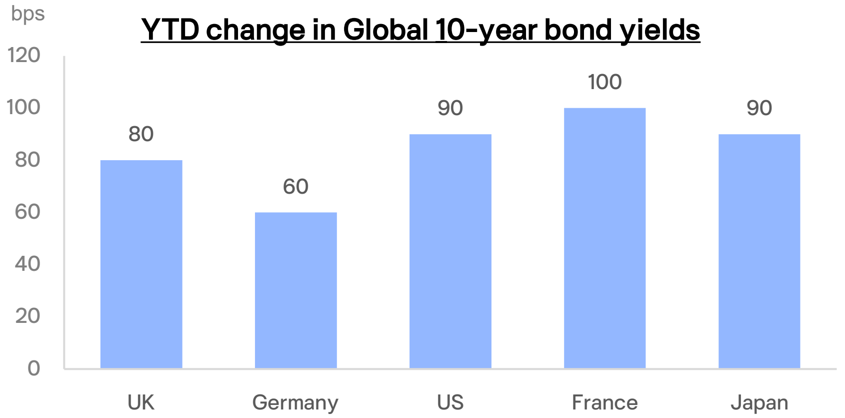
US 2Y yield and implied policy rate at the end of 2026



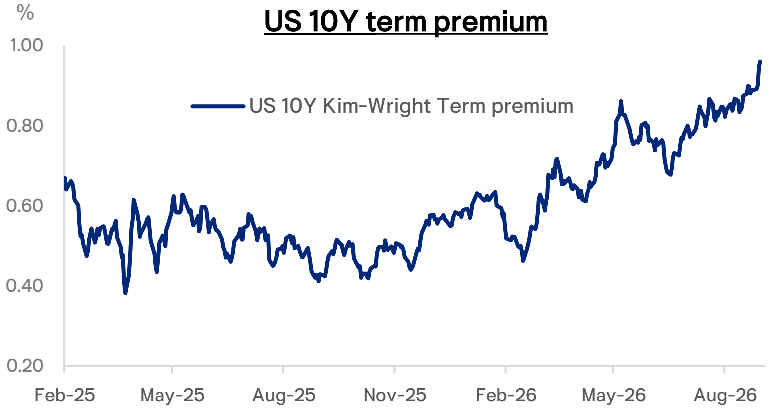
Thailand government bond yield



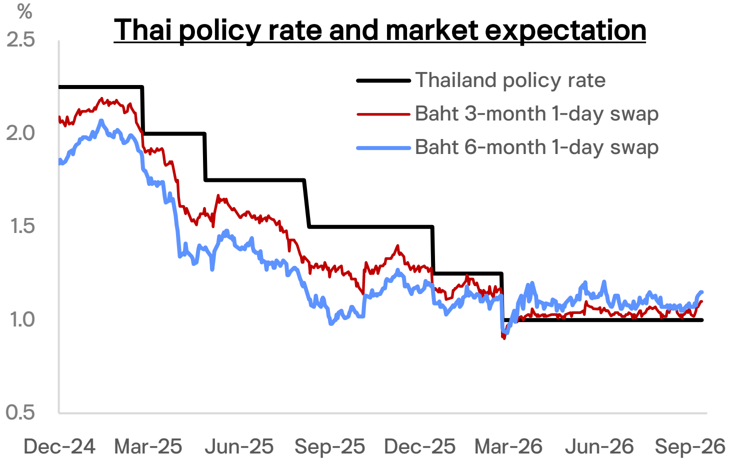
YTD change in Global 10-year bond yields



US 10Y term premium



Thai policy rate and market expectation

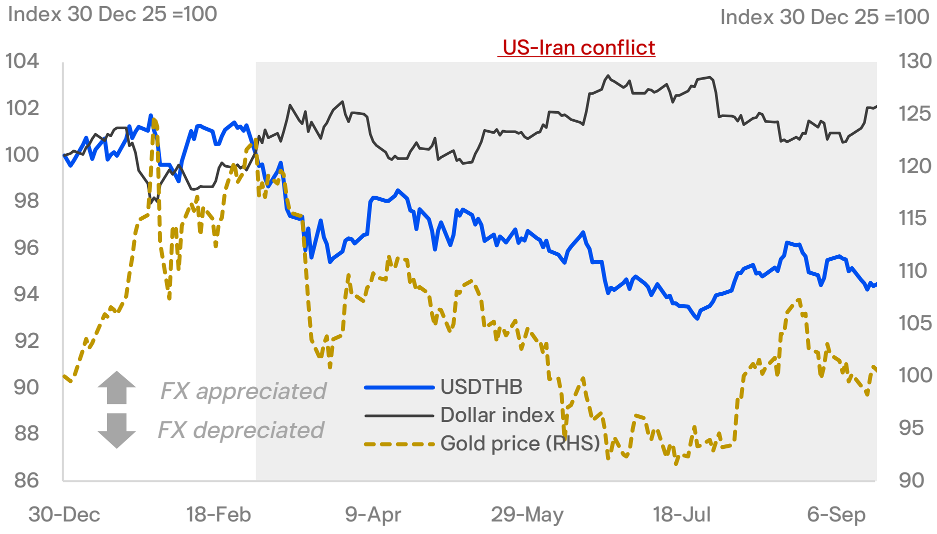


- US Treasury yields rose in a bear-flattening move, led by the front end as markets repriced a more hawkish Fed path following its latest rate hike. Meanwhile, long-end yields remained elevated, with the 10-year briefly touching 5% amid rising global yields, heightened inflation risks from Middle East tensions, and a higher term premium driven by fiscal concerns.
- Thai government bond yields rose across most maturities in a bear-steepening move, with long-end yields tracking higher global yields. Short-end yields also increased despite the BoT signaling that the current policy rate remains appropriate and favoring targeted measures. Nevertheless, markets have begun pricing in a potential BoT rate hike.

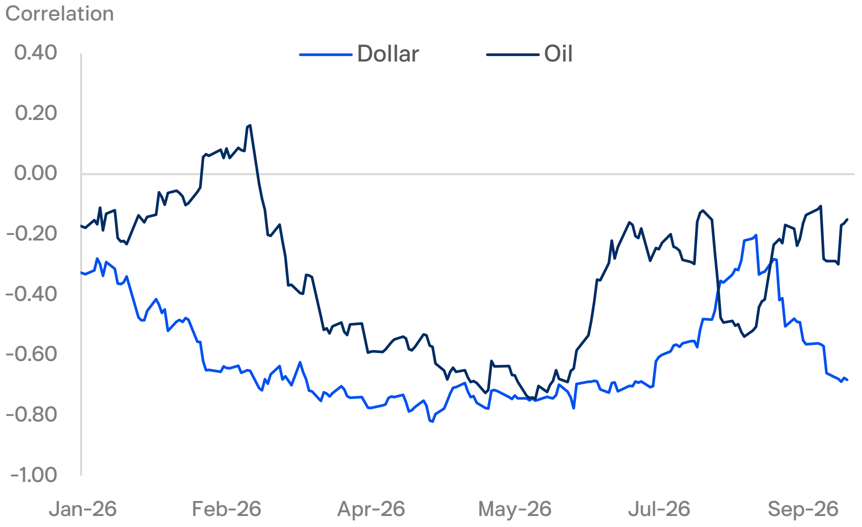
Source: Bloomberg, CEIC, and ttb analytics (Data as of 18 Sep 26)

The US dollar strengthened on a more hawkish Fed and rising Middle East tensions, while the Thai baht weakened against the greenback

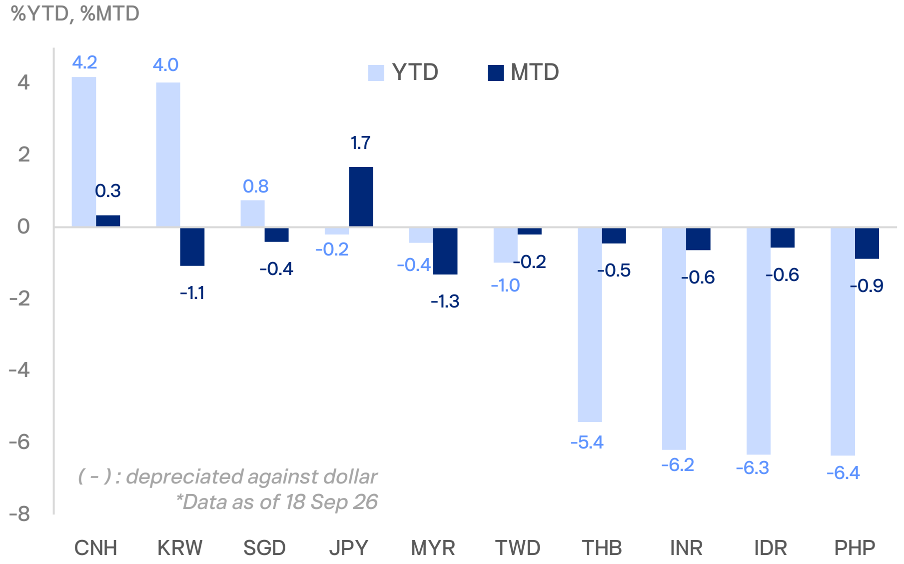
FX movement in 2026



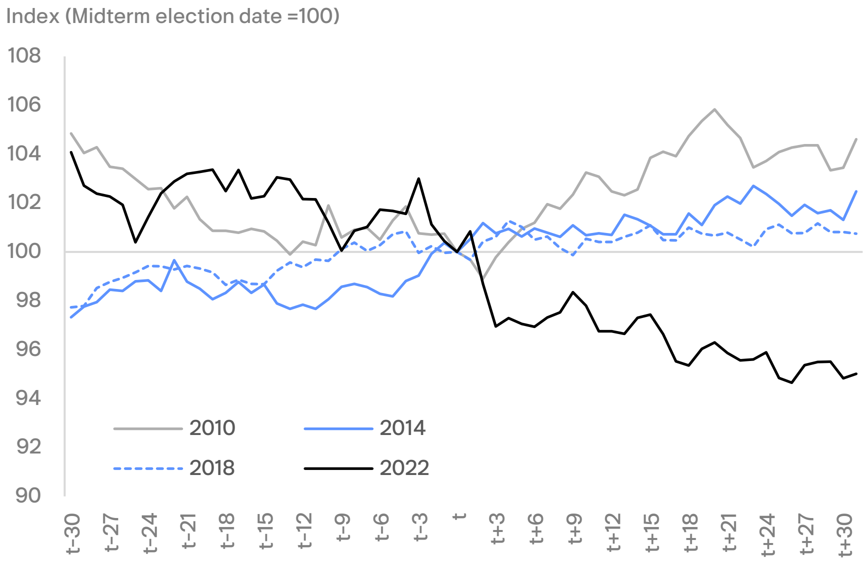
Thai baht correlation with dollar and oil price



Selected FX spot return against US dollar



Dollar movement during past midterm elections



Source: Bloomberg and ttb analytics (Data as of 18 Sep 26)

- The dollar index strengthened back above 100 following the Fed's rate hike and hawkish guidance, supported by resilient US data and heightened inflation risks from ongoing Middle East tensions. Nonetheless, further upside may be limited as markets have already priced in a more hawkish Fed outlook. Meanwhile, the upcoming midterm elections are unlikely to have a significant impact on the dollar, as historical evidence suggests that its direction is driven more by macroeconomic conditions and Fed policy.

- The Thai baht came under pressure alongside regional peers, weakening beyond 33.00 amid broad-based dollar strength. However, its depreciation was partly contained by pullbacks in oil and gold prices. Despite near-term depreciation risks from a wider interest-rate differential and a potential current-account deficit amid ongoing Middle East tensions, USD/THB could end the year below its current level, supported by the baht's historically strong year-end seasonality over the past decade.

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