



No. 16/2026

Monetary Policy Committee's Decision 2/2026

Mr. Don Nakornthab, Secretary of the Monetary Policy Committee (MPC), announced the outcome of the meeting on 29 April 2026 as follows.

The Committee voted unanimously (6-0) to maintain the policy rate at 1.00 percent.

Thailand's economic expansion is projected to moderate, as the war in the Middle East has a direct impact on growth by increasing business costs and eroding household purchasing power. Inflation is set to accelerate through 2026, and is expected to moderate in 2027 as supply-side pressures subside. Credit growth is projected to remain subdued, with a continued need to monitor the war's impact on both loan quality and credit growth. The Committee assesses that the current policy rate remains appropriate to support a slowing economy and navigating heightened uncertainty, while the increase in inflation is driven by supply-side factors. The Committee therefore voted to maintain the policy rate at this meeting and will closely monitor inflation developments and medium-term inflation expectations.

Economic data prior to the Middle East war reflected stronger-than-expected growth than previously assessed, driven by both domestic demand and merchandise exports. However, the impacts from the war would decelerate economic growth in 2026 and 2027 to 1.5 and 2.0 percent, respectively. Private consumption is pressured by a higher cost of living and a weakening income outlook. In addition, foreign tourist arrivals are expected to decline due to higher costs and travel constraints. However, merchandise exports are projected to continue expanding at a favorable pace, supported by global demand for technology products. Moreover, in case the government implements additional fiscal stimulus measures, economic growth this year could turn out higher than expected. However, growth would decrease next year due to the dissipation of stimulus effects and a higher base effect. Going forward, the Committee views that the economic outlook is subject to high uncertainty. It is necessary to monitor downside risks arising from a prolonged war and supply disruptions, which could have significant adverse effects on the manufacturing sector and employment.

Headline inflation is projected to an average of 2.9 percent in 2026, rising from -0.5 percent in the first quarter of the year. The increase in inflation is driven primarily by



higher global energy prices and cost pass-through. Inflation is expected to remain above the upper bound of the target range of 3.0 percent for some time, before declining to an average of 1.5 percent in 2027 as supply-side pressures gradually ease. Core inflation in 2026 and 2027 is projected to be 1.6 and 1.5 percent, respectively, reflecting higher cost pass-through to goods and services prices. Nevertheless, price increases are expected to be neither broad-based nor persistent, given limited cost pass-through under weak demand conditions. Medium-term inflation expectations remain anchored within the target range. However, the Committee will continue to monitor upside risks to inflation, including elevated energy prices and prolonged supply shortages due to the closure of the Strait of Hormuz, a higher-than-expected cost pass-through by firms, and a potential increase in medium-term inflation expectations.

Asset prices and exchange rates have been volatile amid heightened uncertainties surrounding the situation in the Middle East. Thai government bond yields have increased in line with global market movements. Meanwhile, the baht has depreciated, reflecting Thailand's relatively high dependence on energy imports from the Middle East. Interest rates in the financial system have declined following previous policy rate cuts. However, overall credit growth is projected to remain subdued. Financial institutions continue to exercise caution in extending credit to high-risk borrowers and are currently assessing the impacts of the war.

Under the prevailing monetary policy framework, which aims to maintain price stability, support sustainable economic growth, and preserve financial stability, the Committee views that the current policy rate remains at an appropriate level to support economic recovery. While inflation is assessed to increase temporarily from supply-side factors, uncertainties remain elevated. The Committee will therefore closely monitor the impacts of the war and other factors on inflation risks going forward.

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