



ธนาคารแห่งประเทศไทย
BANK OF THAILAND



Press Conference

Monetary Policy Committee Decision 2/2026

29 April 2026

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The Committee voted unanimously (6 to 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 decline in 2027 as supply-side pressures subside.
- Asset prices and exchange rates have been volatile amid heightened uncertainties surrounding the situation in the Middle East. Meanwhile, 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.

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.

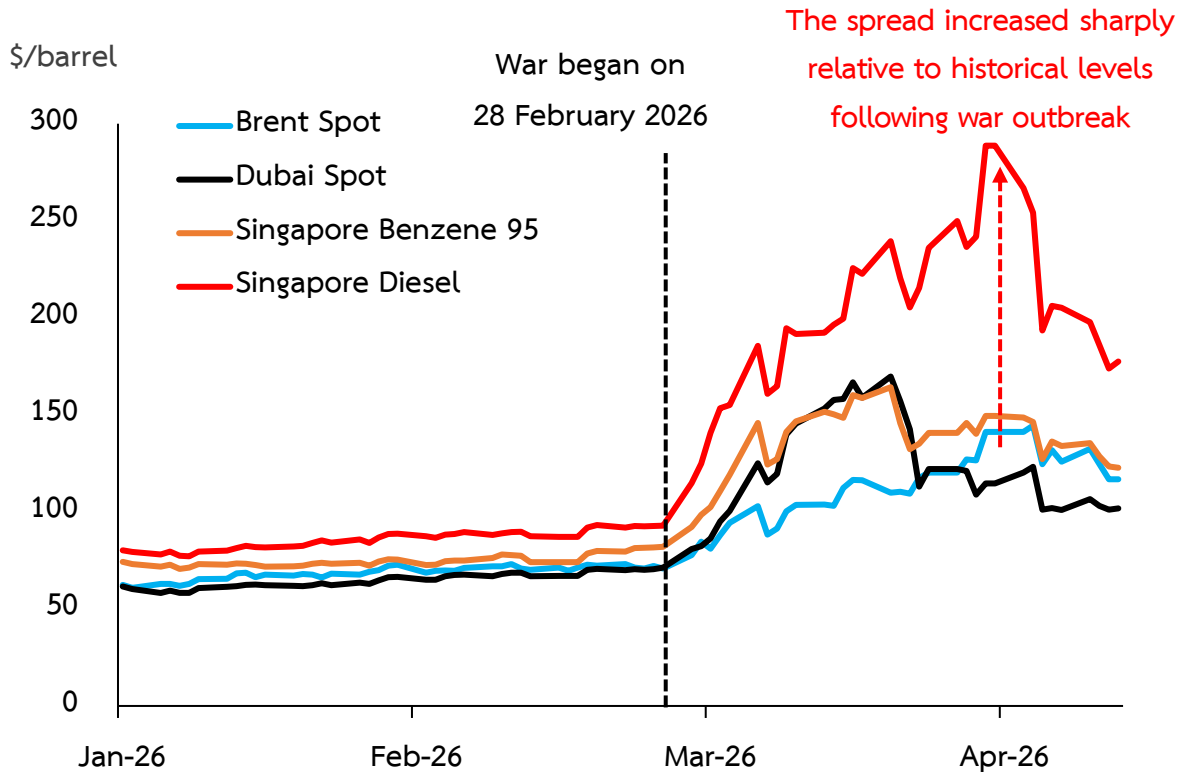


The war has led to a surge in global energy prices, while the situation remains highly uncertain, depending on the severity and duration of the conflict

Thailand has been significantly affected due to (1) high reliance on energy imports and (2) substantial rise in the regional oil prices that are primary reference for refined oil prices in Thailand

The conflict is expected to ease in H1/26 in the base case; supply disruptions are projected to persist throughout 2026 in a worse case

Singapore refined oil prices relative to crude oil prices



Source: Bloomberg, calculated by the Bank of Thailand

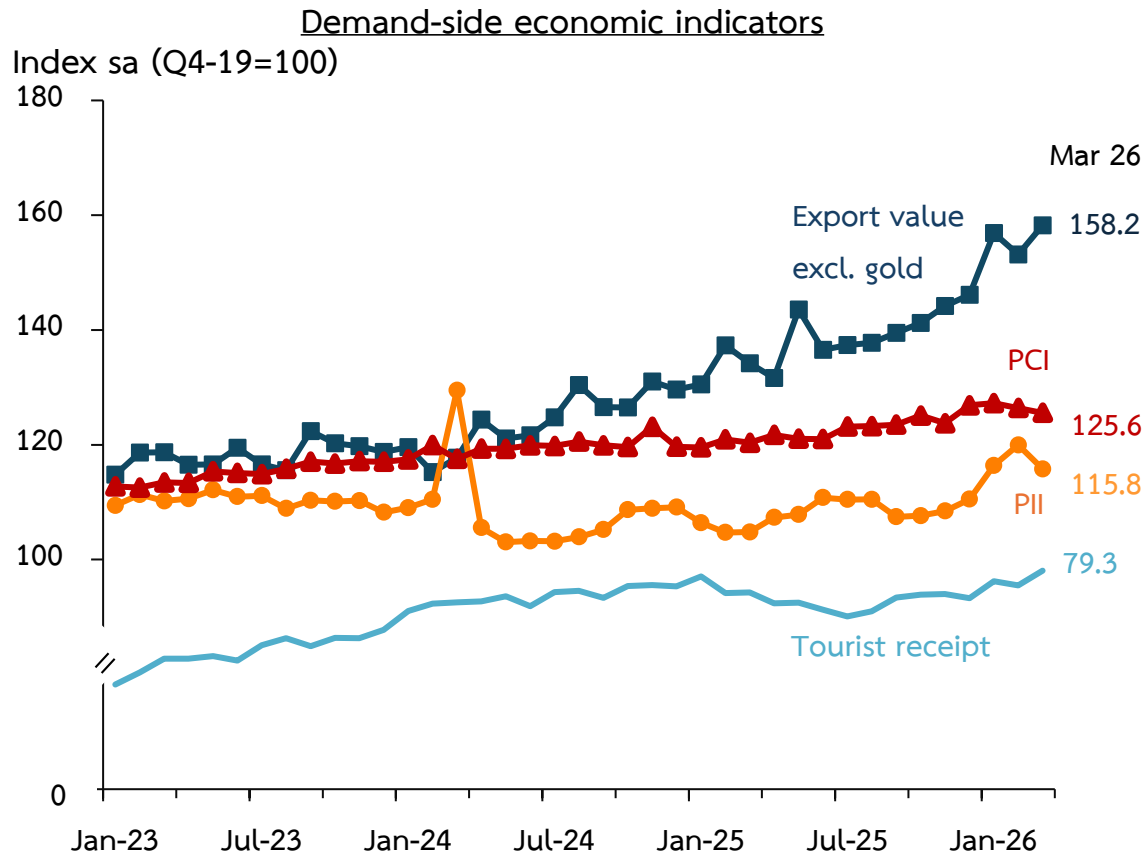
	Base Case (Price shock)	Worse Case (Price shock & supply shortage)
War Timeline	The conflict is expected to ease by the end of H1/26	The conflict is expected to prolong throughout 2026
Strait of Hormuz	Shipping is expected to be disrupted until end of H1/26 before normalizing in H2/26	Shipping disruptions continue, although partial transit through Hormuz is possible during H2/26
Oil price	Prices are projected to remain elevated in H1/26 and gradually ease in H2/26, while still staying above pre-war levels	Prices are projected to remain elevated for a prolonged period, before gradually moderating in 2027
Supply disruptions	The situation is expected to gradually ease in line with developments in the conflict	Supply chains are expected to face significant pressures

Pre-war economic indicators indicated stronger-than-expected growth, but the war has led to a slowdown

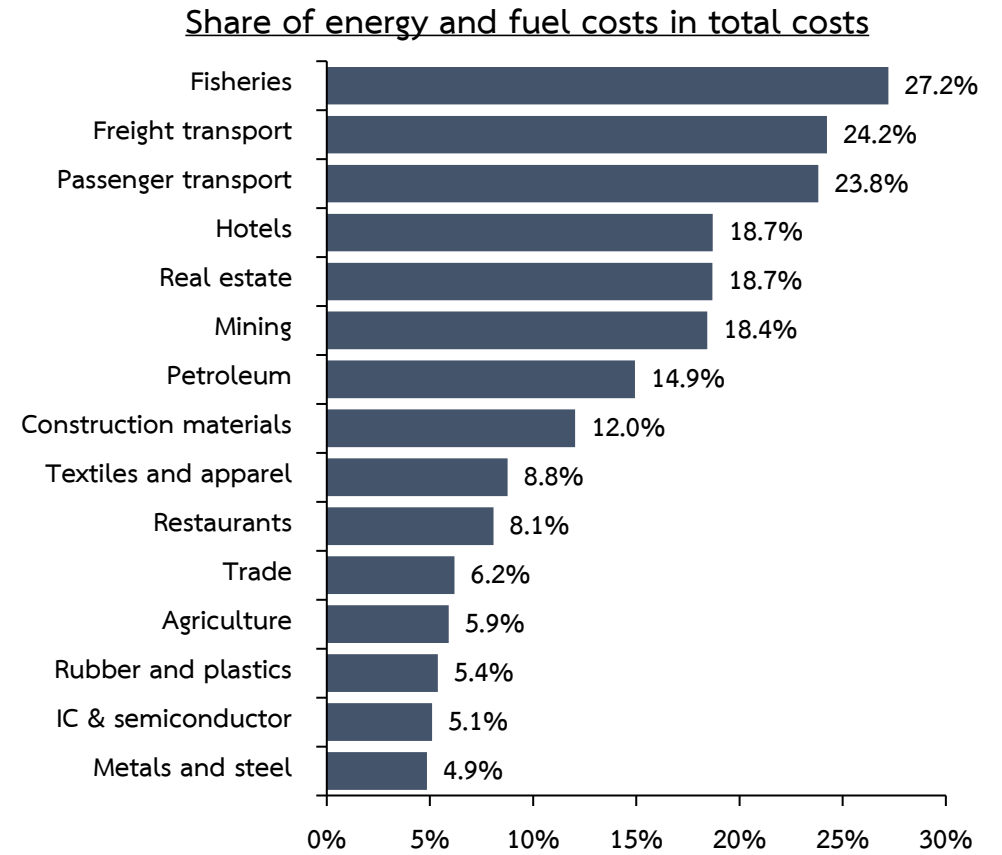


GDP is projected to expand in Q1/26 at a higher rate than previously assessed, supported by domestic demand and merchandise exports

Higher energy prices stemming from the war have raised business costs, with varying impacts across sectors depending on energy dependence



Note: PCI = Private Consumption Indicator, PII = Private Investment Indicator
Source: Bank of Thailand

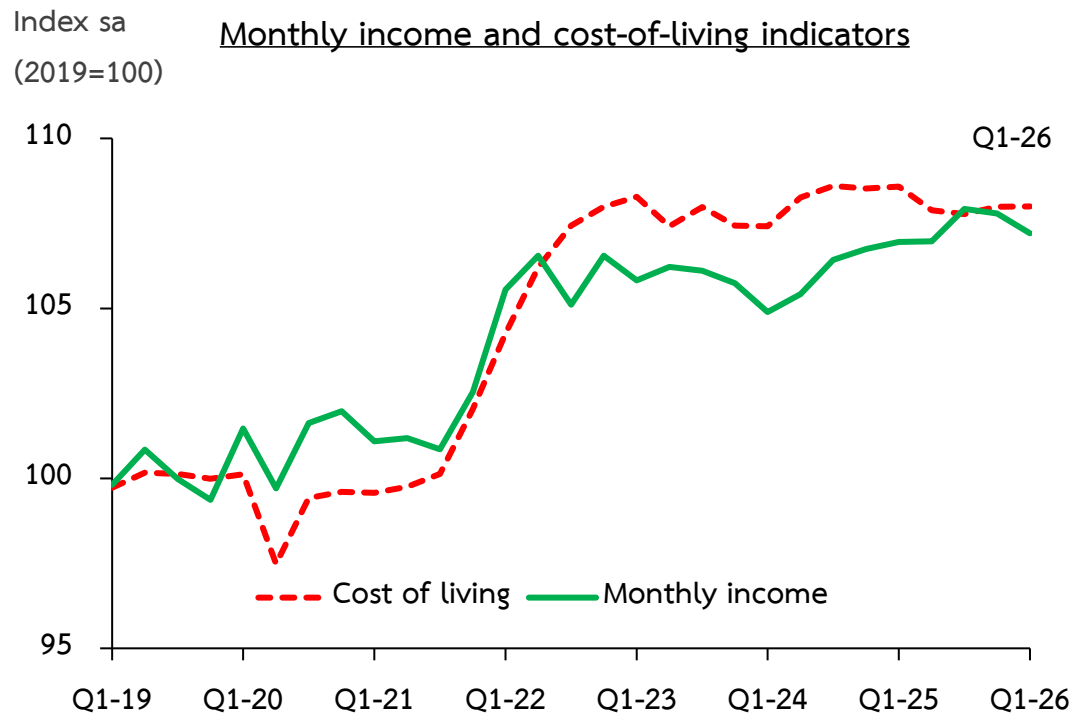


Sources: The Industrial Census and Trade and Services Census, and Thailand Input-Output Tables (NESDC). Calculated by the Bank of Thailand



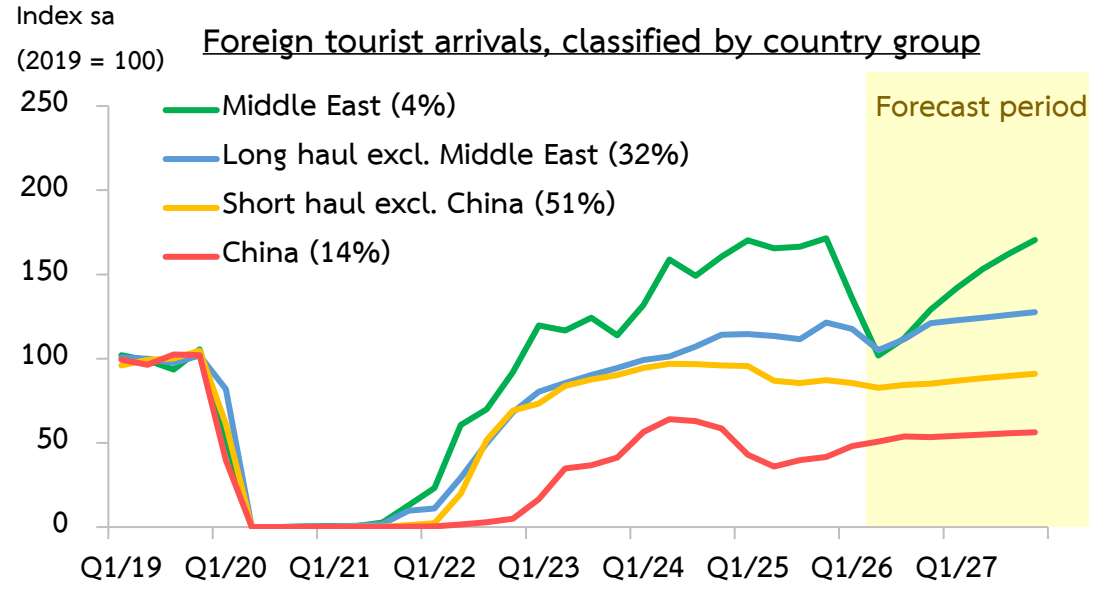
The war affects private consumption and tourism

Private consumption is pressured by higher cost of living and a weakening income outlook



Note: Monthly income refers to non-agricultural employee income. Q1/26 figures are preliminary averages from January to March. The cost of living refers to the Consumer Price Index (CPI)
Sources: Ministry of Commerce and National Statistical Office, calculated by the Bank of Thailand

Tourist arrivals are expected to decline due to higher costs and travel constraints



Note: () indicate the share of foreign tourist arrivals in 2025
Source: Ministry of Tourism and Sports; calculated by the Bank of Thailand

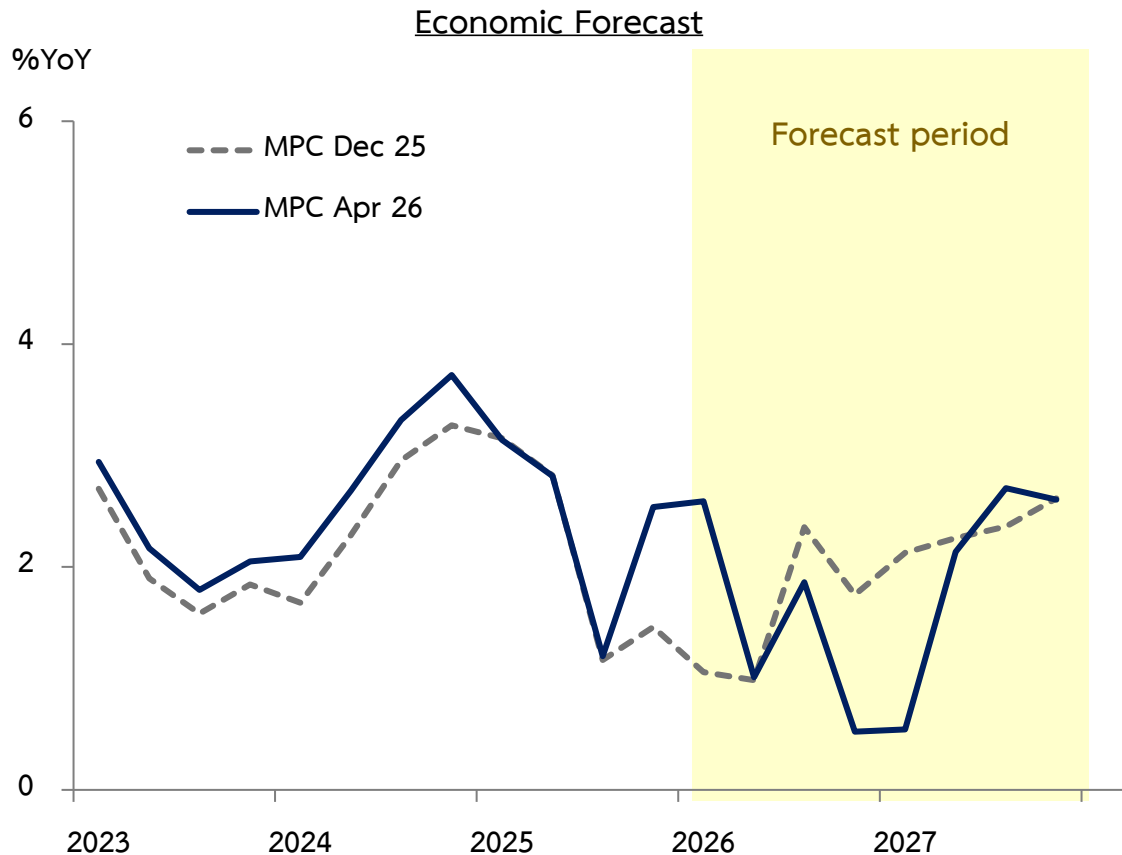
Forecast of foreign tourist arrivals

	MPC Apr 26	2025	2026 ^F	2027 ^F
Foreign tourist arrivals (millions)		33.0	33.0 (35.0)	35.5 (36.0)
o/w China		4.4	5.7 (6.0)	6.1 (6.6)

Note: F = Forecast and () = MPC Dec 25



The economy is expected to slow down due to the war's impact; however, additional stimulus measures could result in higher-than-expected growth in 2026



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 dissipation of stimulus impact and a higher base effect.

GDP Growth (%YoY)	2025	2026 ^F	2027 ^F
MPC Dec 25	2.2 ^F	1.5	2.3
MPC Apr 26	2.4*	1.5	2.0
- In case there are additional fiscal stimulus measures ^{1/}		Increase by 0.5 – 0.7 pp from base case	Decrease by around 0.5 pp from base case

Note: ^{1/}Fiscal stimulus assumptions include both consumption and investment stimulus measures, with a total fiscal budget of THB 300 billion. Examples include the Half-Half co-payment program and the promotion of electric vehicle adoption.

* = Actual data; F = Forecast

Note: Historical data for 2022–2024 reflects the latest revisions by the NESDC as of February 16, 2026.

Source: NESDC; estimates by Bank of Thailand.

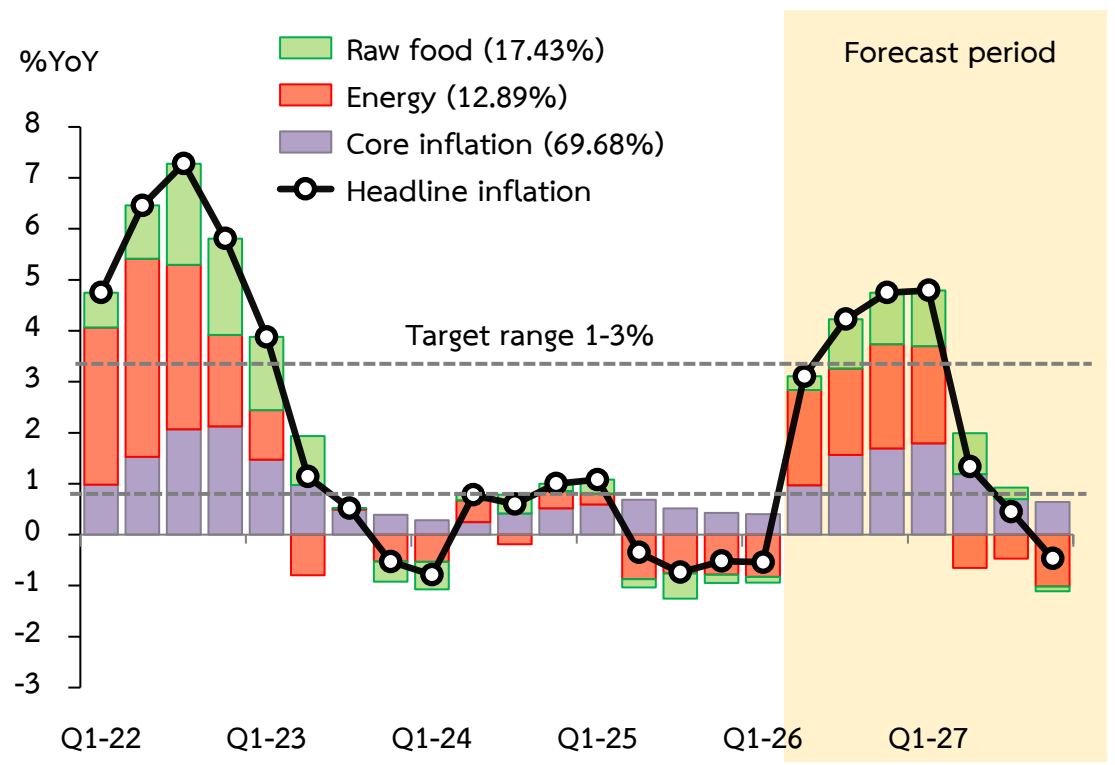


Inflation is expected to rise this year before declining in 2027 as supply-side pressures are expected to gradually subside

Inflation is expected to rise in 2026 and stay above target range for some time, driven by global energy prices and cost pass-through, before declining in 2027

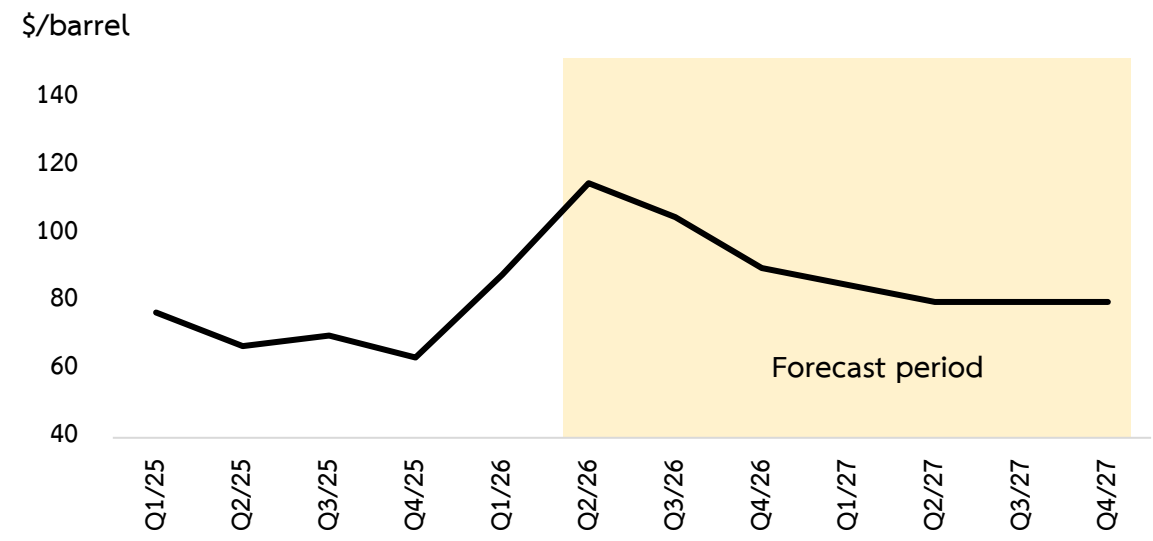
Oil prices are projected to be elevated in H1/26, before declining in H2/26, and would remain above pre-war levels

Inflation



Note: () denote the weight of goods and services in the CPI basket (base year 2023).
 Source: Ministry of Commerce, BOT calculation

Baseline forecast of Dubai crude oil prices



Dubai crude oil price assumption (USD/BBL)	Year		
	2025	2026F	2027F
Base Case	69.4*	100	80

Note: * = Actual data, F = Forecast
 Source: Bloomberg BOT calculation



Risks of second-round effects on Thai inflation are limited

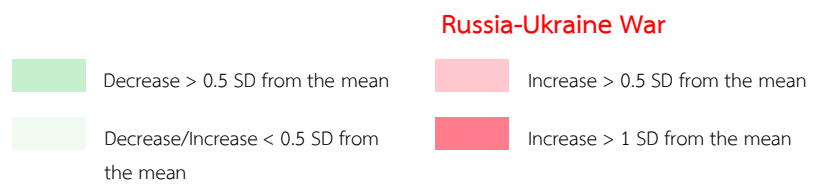
Thailand's inflation risks are limited by both structural and cyclical factors

During the Russia-Ukraine conflict, the prices of Thai goods and services increased only temporarily

- The structure of Thai labor market constrains the risk of a wage-price spiral.
 - A share of salaried employees in Thai labor market is low.
 - Workers' bargaining power is limited, and there is an absence of wage indexation mechanism.
 - Labor supply is relatively elastic.
- Medium-term inflation expectations remain anchored within the target range.
- Subdued growth and fragile balance sheets of household and SME have resulted in limited demand-pull inflationary pressure.

Changes in prices of major goods and services categories during the Russia-Ukraine war

Persistence of Price Increases (%MoM)		Q3-21	Q4-21	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23
Energy	Fuel	Light Green	Light Green	Dark Red	Dark Red	Light Green	Light Green	Light Green	Light Green
	LPG	Light Green	Light Green	Dark Red	Dark Red	Dark Red	Light Green	Light Green	Light Green
	Electricity	Light Green	Light Green	Dark Red	Dark Red	Dark Red	Light Green	Light Green	Light Green
Food	Rice, flour, flour-based products	Light Green	Light Green	Dark Red	Dark Red	Light Green	Light Green	Light Green	Light Green
	Meat, poultry, and seafood	Light Green	Light Green	Dark Red	Dark Red	Light Green	Light Green	Light Green	Light Green
	Eggs and dairy products	Light Green	Light Green	Dark Red	Dark Red	Light Green	Light Green	Light Green	Light Green
	Vegetables and fruits	Light Green	Light Green	Dark Red	Dark Red	Light Green	Light Green	Light Green	Light Green
Core	Food condiments	Light Green	Light Green	Dark Red	Dark Red	Light Green	Light Green	Light Green	Light Green
	Prepared food	Light Green	Light Green	Dark Red	Dark Red	Light Green	Light Green	Light Green	Light Green
	Electrical appliances & HH equipments	Light Green	Light Green	Dark Red	Dark Red	Light Green	Light Green	Light Green	Light Green
	Cleaning products	Light Green	Light Green	Dark Red	Dark Red	Light Green	Light Green	Light Green	Light Green
	Personal care items	Light Green	Light Green	Dark Red	Dark Red	Light Green	Light Green	Light Green	Light Green
	Public transportation	Light Green	Light Green	Dark Red	Dark Red	Light Green	Light Green	Light Green	Light Green
	Entertainment and recreation	Light Green	Light Green	Dark Red	Dark Red	Light Green	Light Green	Light Green	Light Green

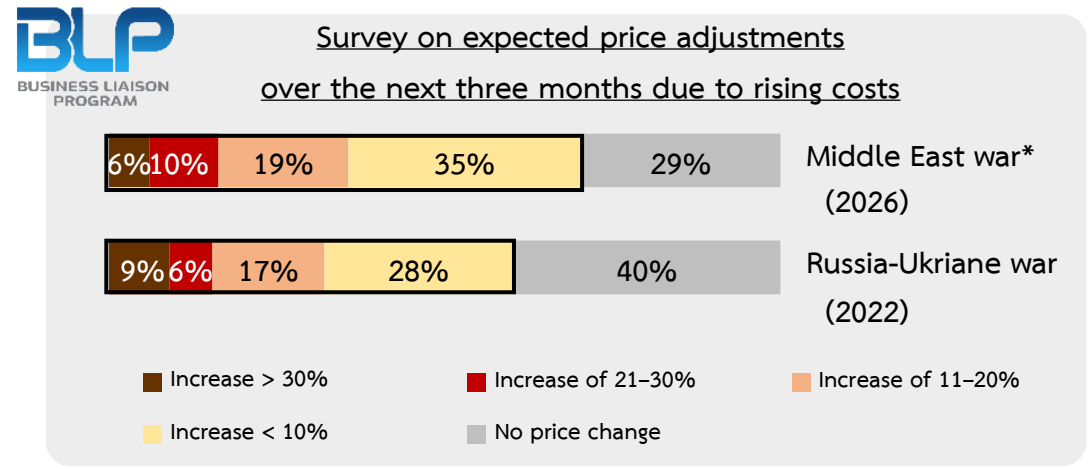




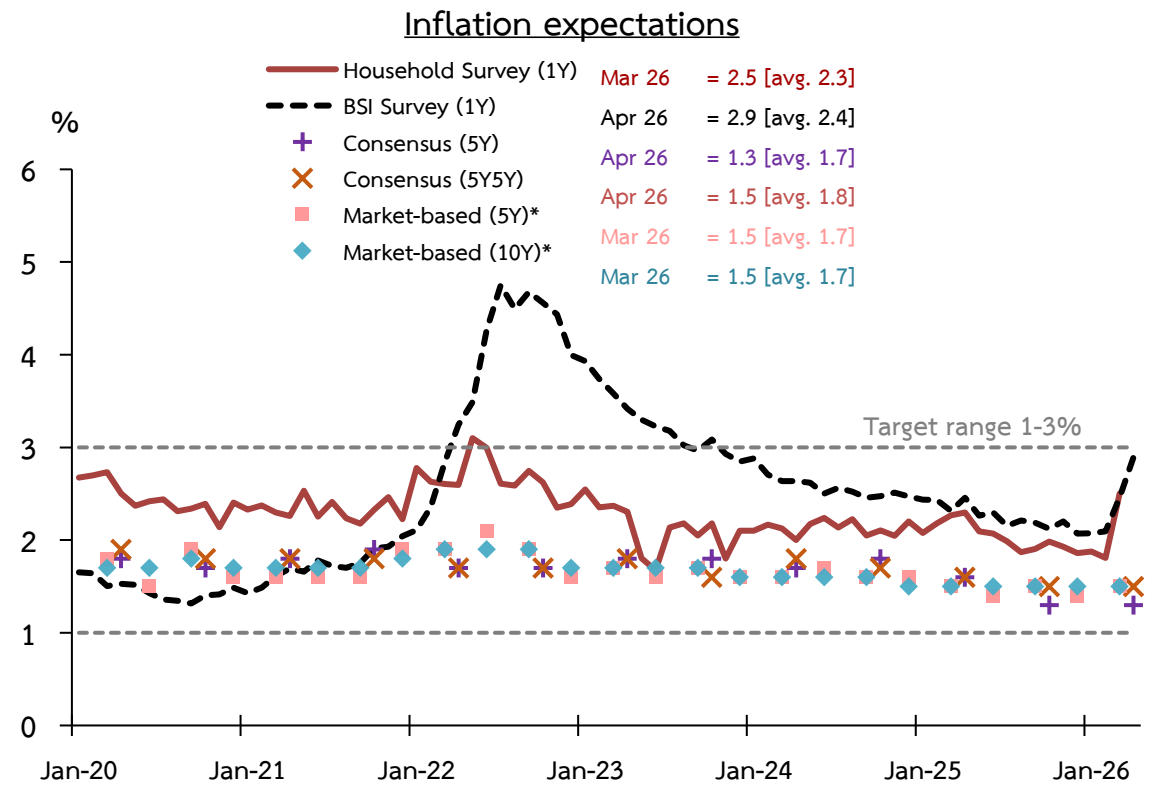
Nevertheless, inflation risks should be closely monitored, particularly cost pass-through and medium-term inflation expectations

Most firms are likely to limit price increases to within 20%. However, the share of firms planning to do so has increased compared to the past

Short-term inflation expectations rise in line with energy prices; however, medium-term expectations remain anchored



Note: Preliminary data (approximately 150 respondents). Percentages represent the share of survey respondents.
Source: BSI Special Survey, April 2022 and April 2026.



Note: [] denotes the average since January 2018; estimated using an affine term structure model based on yield curve and macroeconomic data.
Sources: Asia Pacific Consensus Economics; Business Sentiment Survey (BOT); Consumer Confidence Index (Ministry of Commerce).



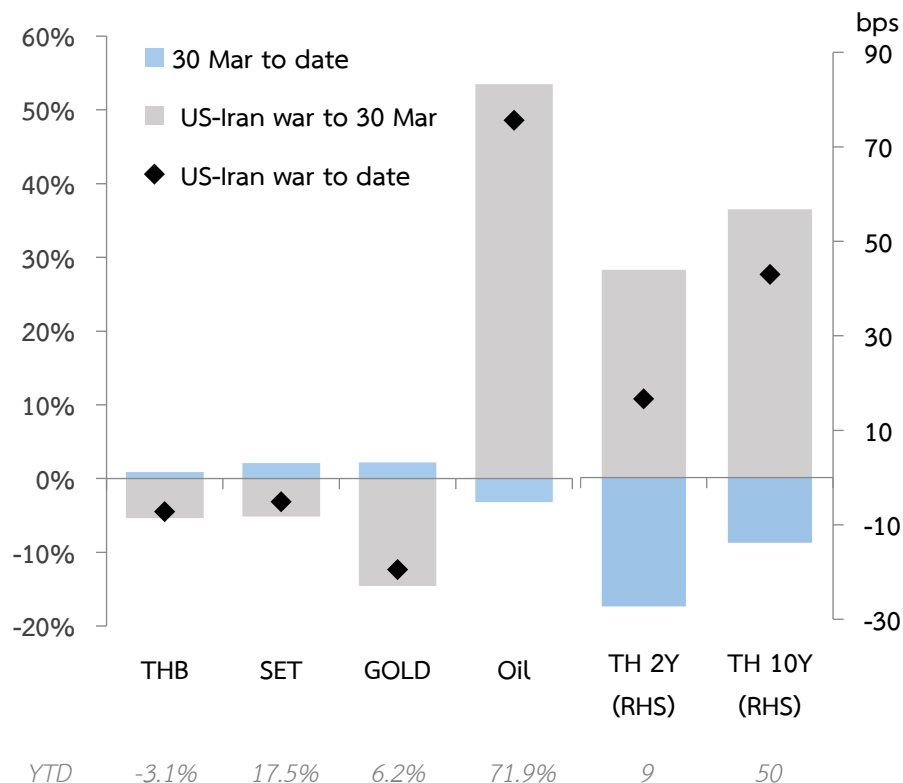
Asset prices have been volatile amid heightened uncertainty,

while financial institutions remain cautious in extending credit and are assessing the war's impact

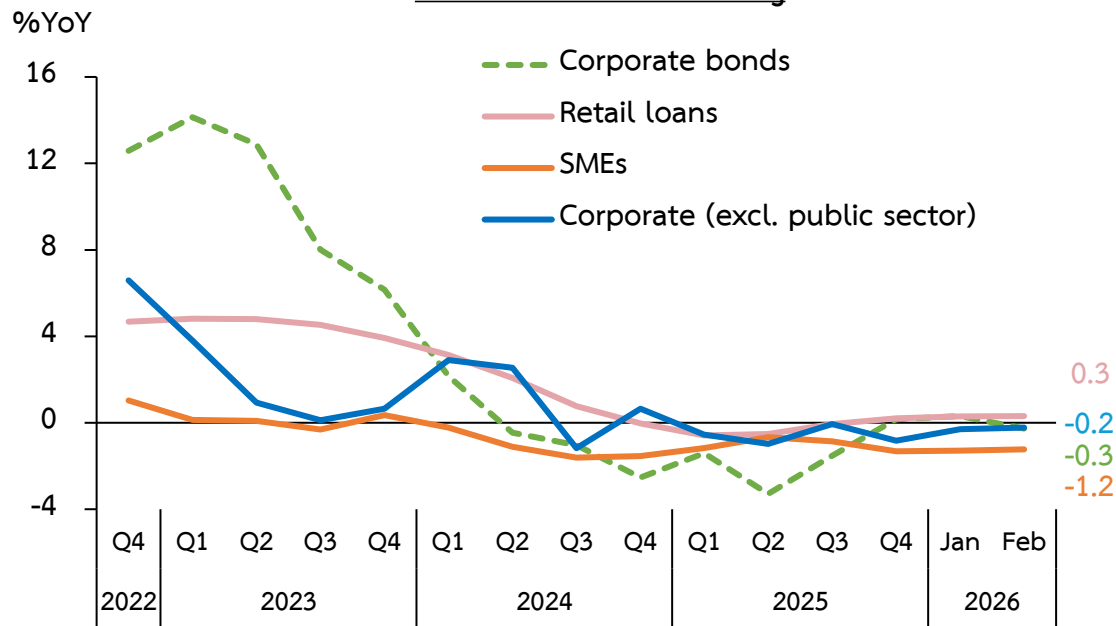
Bond yields have risen and the baht has depreciated, with some corrections recently

Credit growth is projected to remain subdued in 2026, while financial institutions closely monitor debt serviceability of war-affected and vulnerable borrowers

Movements in Asset Prices and the Baht



Private sector borrowing



Note: (1) Credit data cover loans extended by commercial banks, including their affiliated, SFIs, as well as non-bank financial institutions under the supervision of the BOT.
 (2) Business loan sizes for commercial banks are classified based on the updated Office of Small and Medium Enterprises Promotion (OSMEP) definition, which considers revenue and employment, together with credit lines. In contrast, loan classifications for SFIs and non-bank financial institutions under the supervision of the BOT follow the OSMEP definition based on revenue and employment.

Source: BOT

Source: Bloomberg, as of 28 April 2026



Maintaining the policy rate at this meeting is robust to various economic and inflation scenarios

A policy rate hike or cut at this meeting could pose additional risks to the economy or inflation going forward

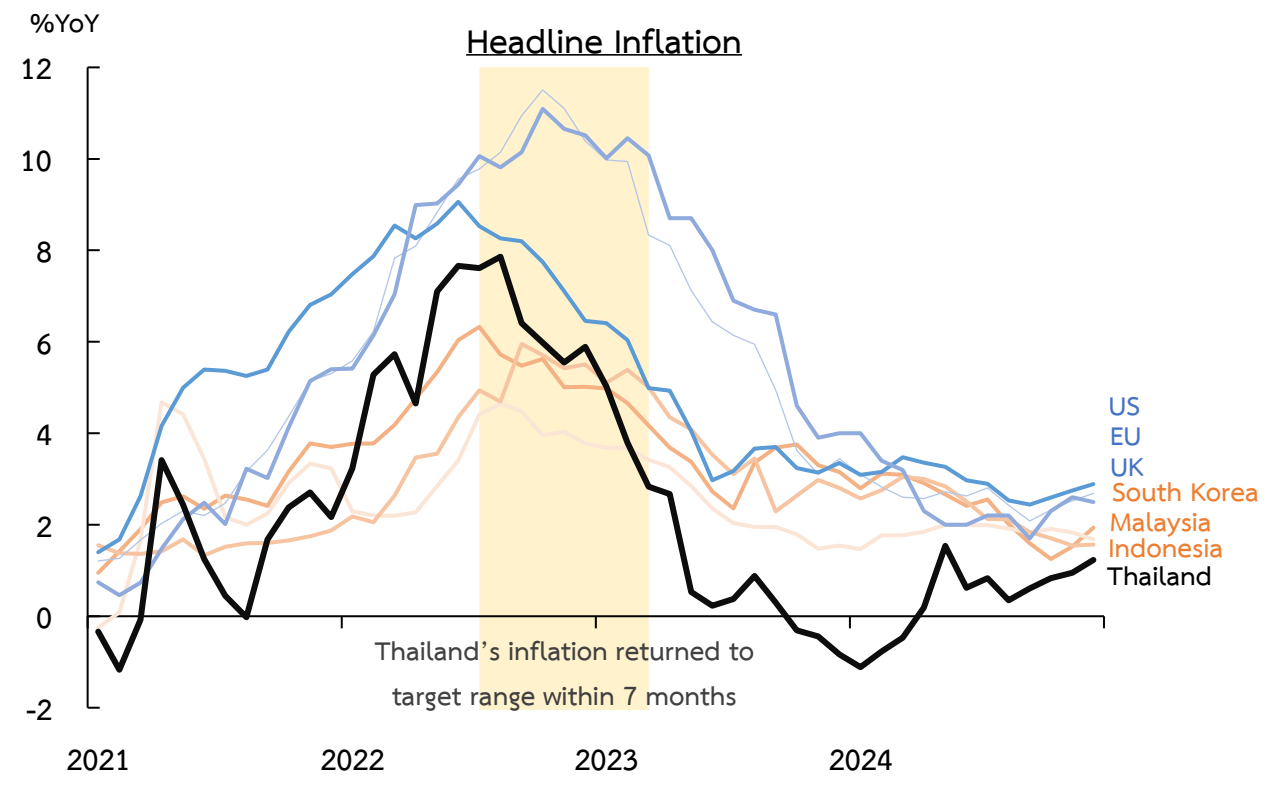
Historical experience indicates that Thailand's disinflation process has proceeded rapidly, allowing time for further assessment of developments and impacts

Rate Hike

Hiking the policy rate when there is still no clear evidence of a de-anchoring of inflation expectations would further weigh on the economy, particularly businesses and households that are still in recovery and already vulnerable.

Rate Cut

Cutting the policy rate amid heightened geopolitical uncertainty could increase inflation risks and affect medium-term inflation expectations, potentially posing risks to the economy in the long term.



Source: Bank for International Settlements



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.

Risks to monitor

1. Inflation expectations and firms' price-setting behavior
2. Broad-based and persistent increases in prices of goods and services
3. Government stimulus measures
4. Supply disruptions that could affect the manufacturing sector and employment



Annual percentage change	2025*	2026	2027
GDP growth	2.4	1.5	2.0
Domestic demand	2.8	1.6	1.7
Private consumption	2.7	1.6	1.9
Private investment	3.5	3.0	2.6
Government consumption	0.6	0.0	0.3
Public investment	8.9	1.5	0.6
Exports of goods and services	9.2	5.9	1.4
Imports of goods and services	6.7	6.2	0.9
Current account (billion, U.S. dollar)	15.9	7.0	8.0
Value of merchandise exports (%YoY)	12.7	8.1	1.1
Value of merchandise imports (%YoY)	13.0	11.2	0.7
Number of foreign tourists (million persons)	33.0	33.0	35.5
Tourism receipt (Trillion baht)	1.4	1.4	1.6
Dubai crude oil price (U.S. dollar per barrel)	69.4	100	80
Headline inflation	-0.1	2.9	1.5
Core inflation	0.8	1.6	1.5

Note: * Outturns