



ธนาคารแห่งประเทศไทย
BANK OF THAILAND



Press Conference

Monetary Policy Committee Decision 3/2026

24 June 2026

Don Nakornthab

Assistant Governor, Monetary Policy Group



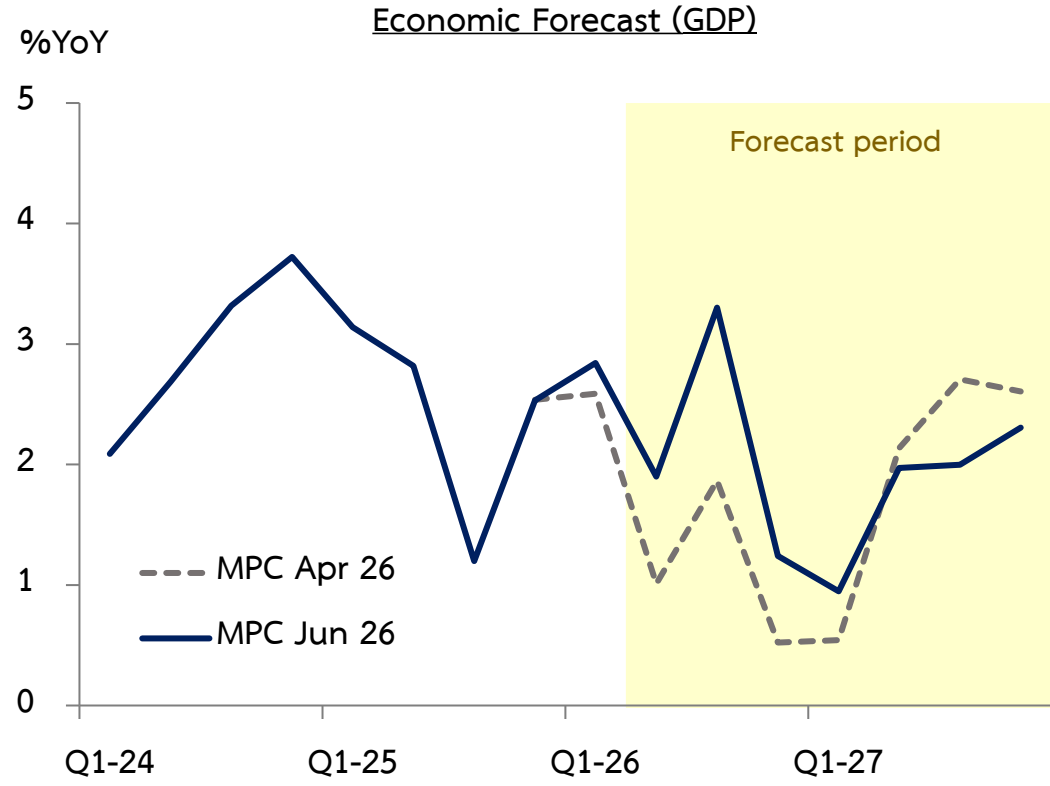
The Committee voted unanimously (7-0) to maintain the policy rate at 1.00 percent

- The Thai economy grows faster than previously anticipated, supported by merchandise exports and private investment associating with the technology and AI cycle, government measures to alleviate the impact of the energy crisis, as well as the impact of the ME conflict has been less than previously assessed. Nevertheless, overall economic growth is projected to remain low and uneven.
- Inflation is expected to rise temporarily in 2026 due to supply-side factors before declining in 2027 following the dissipation of supply-side pressures and the effect of a high base in 2026.
- Overall credit growth remains subdued. Financial institutions remain cautious in lending to high-risk borrowers. Need to continue monitoring loan quality of SMEs and vulnerable households.

The Committee assesses that an accommodative monetary policy stance, coupled with targeted financial measures, has helped support the economic recovery. The Committee therefore voted to maintain the policy rate at this meeting and will closely monitor inflation developments and medium-term inflation expectations.



Economic growth is stronger than anticipated, but overall growth remains subdued



Growth has been stronger than previously anticipated, supported by (1) technology and AI cycle, (2) lower-than-expected war impacts, and (3) government measures*

%YoY	2025	2026 ^F	2027 ^F
MPC Apr 26	2.4	1.5	2.0
MPC Jun 26		2.3	1.8
<i>MPC Jun 26 excluding government measures*</i>		1.8	2.1

Note: F = Forecast, * Government measures refer to the measures mitigating the impact of energy crisis under the THB 400 billion emergency borrowing decree.

Source: NESDC; estimated by Bank of Thailand

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Tech and AI cycle tailwinds lift exports and private investment momentum

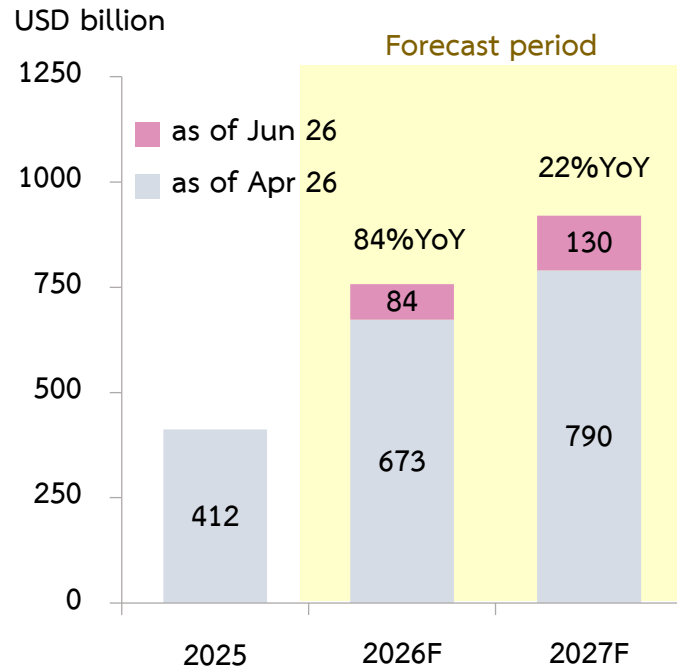


AI cycle is on an uptrend and is expected to sustain its momentum over the next two years

Thai exports have benefited from tech & AI trend, particularly in tech-related products ...

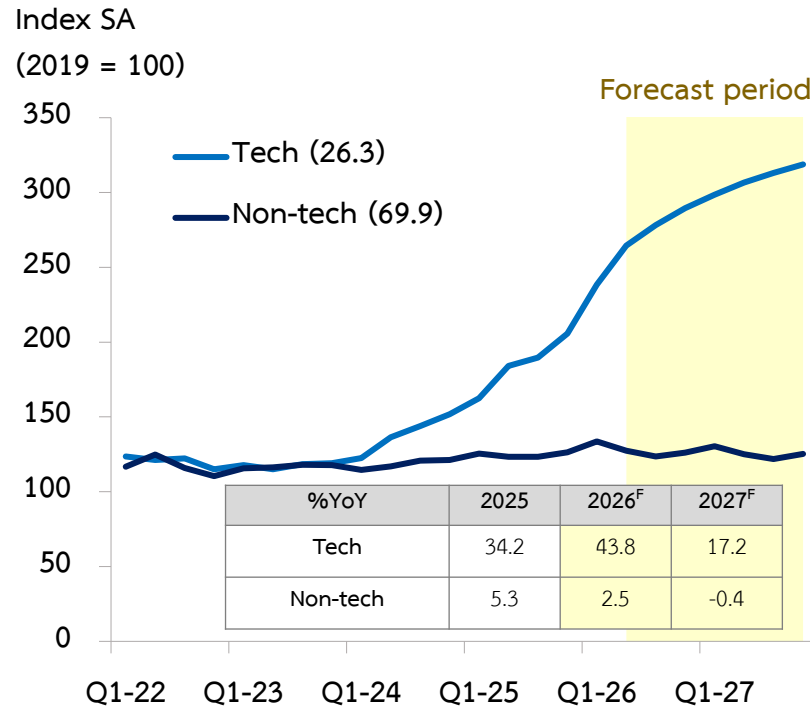
... consistent with ongoing investment in digital-related businesses

US Hyperscaler Capex Forecast



Source: Goldman Sachs (forecast as of Jun 2026 compared with Apr 2026)

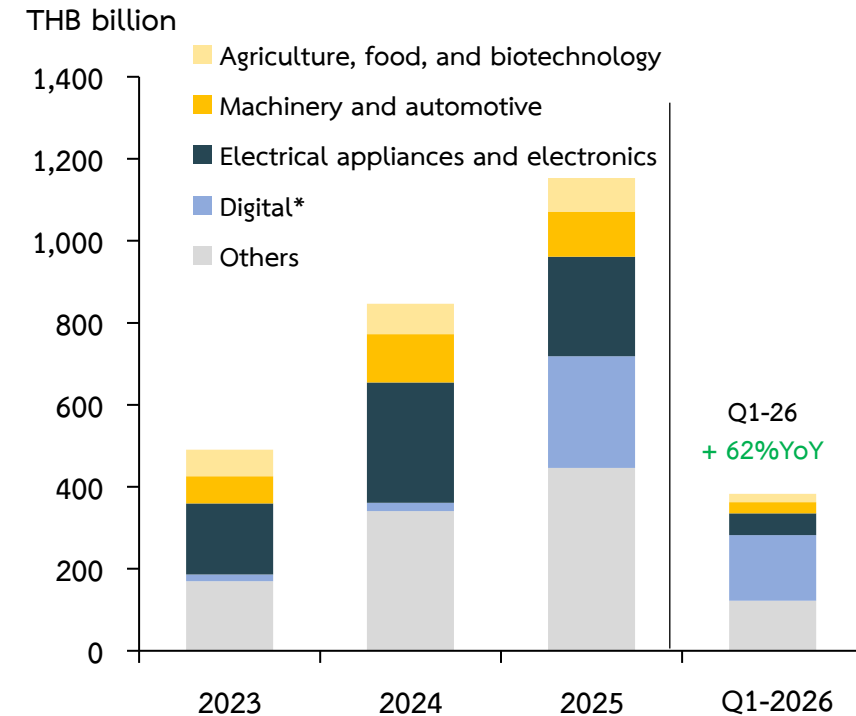
Merchandise exports (excluding gold)



Note: Tech includes electronics, machinery and equipment; Non-tech refers to other merchandises excluding gold
() indicates a share of export value in 2026

Source: Thai Customs Department, calculated by Bank of Thailand

Board of Investment (BOI) promotion certificates issued



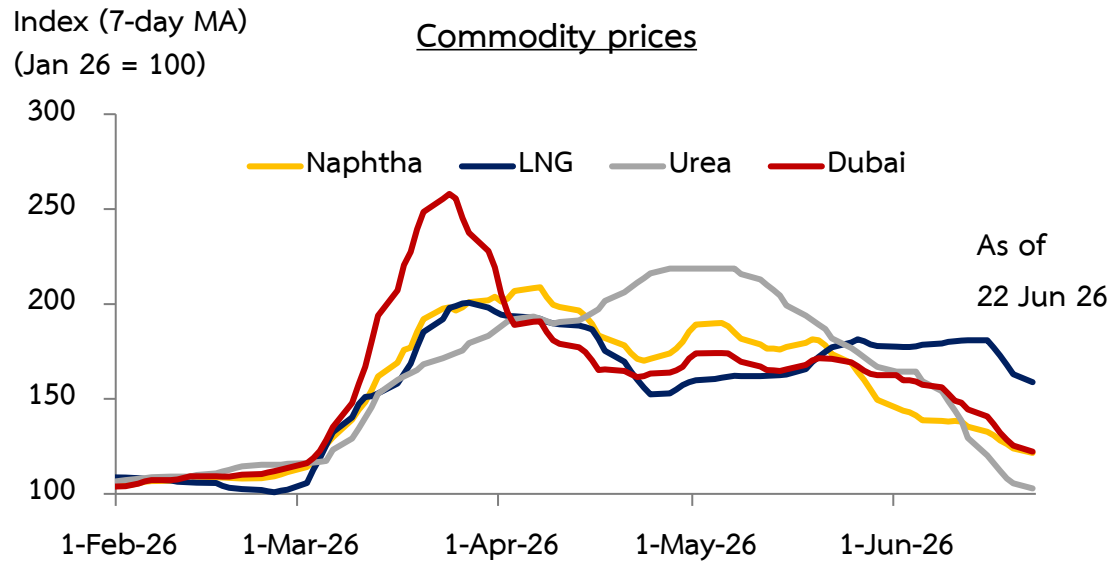
Note: * Most investment in the digital category is in data centers
Source: Board of Investment of Thailand (BOI)



Middle East conflict has shown signs of improvement, and recent impacts have been less severe than previously assessed

Commodity prices, particularly crude oil, have declined in line with improving conflict situation

Large businesses coped with material shortages better than expected, but SMEs faced limited capacity to adapt



Dubai crude oil price projection (USD/bbl)	2025*	2026 ^F	2027 ^F
MPC Apr 26	69.4	100	80
MPC Jun 26		90	80

Note: * = Actual, F = Forecast

Source: Bloomberg estimated by Bank of Thailand



- Supply-side adjustments via diversifying import sources and adjusting shipping routes.** Raw materials such as naphtha, helium, fertilizers, and packaging are well-stocked to last at least until Q3/2026, although raw material prices remain elevated.
 - SMEs experiencing more difficulties relative to large corporates in cost adjustment and stock management.
 - SMEs facing tighter liquidity, particularly in the services sector e.g., hotels, retail trade, and construction.
- Cost pass-through to consumers.** Domestic cost-price pass-through is limited due to weak purchasing power, whereas export products have greater flexibility in price adjustment.

Source: Business Liaison Program (BLP) interviews, conducted during 22 Apr – 12 Jun 2026, covering total of 134 firms

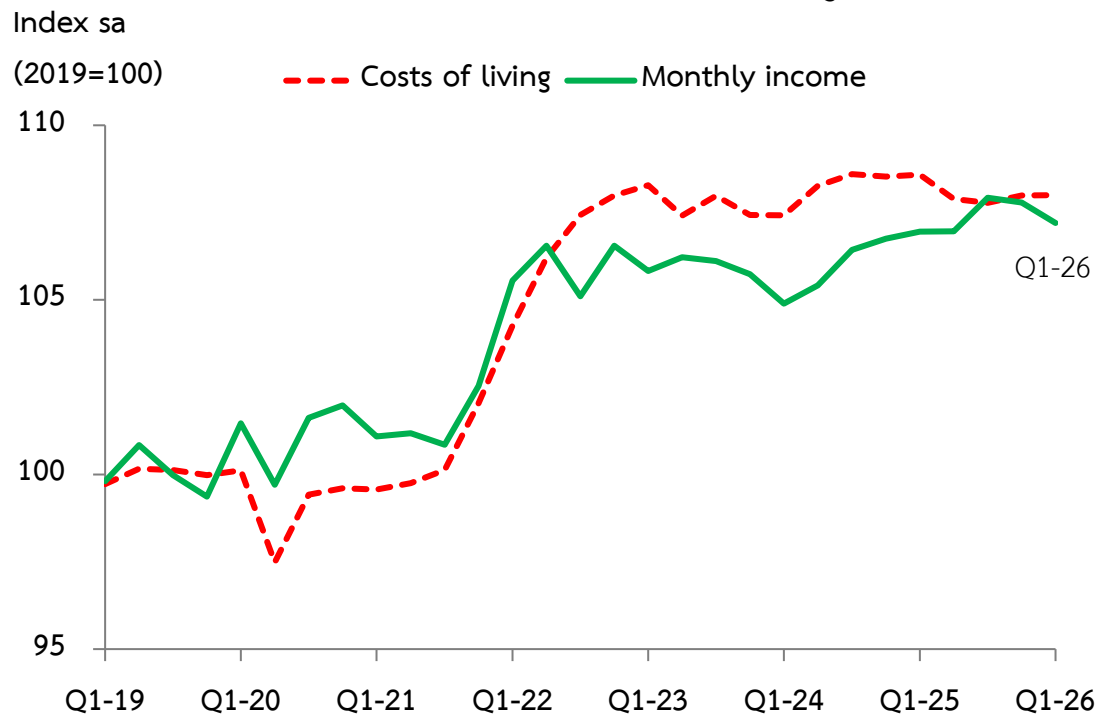


Private consumption is constrained by slowing income and rising costs of living

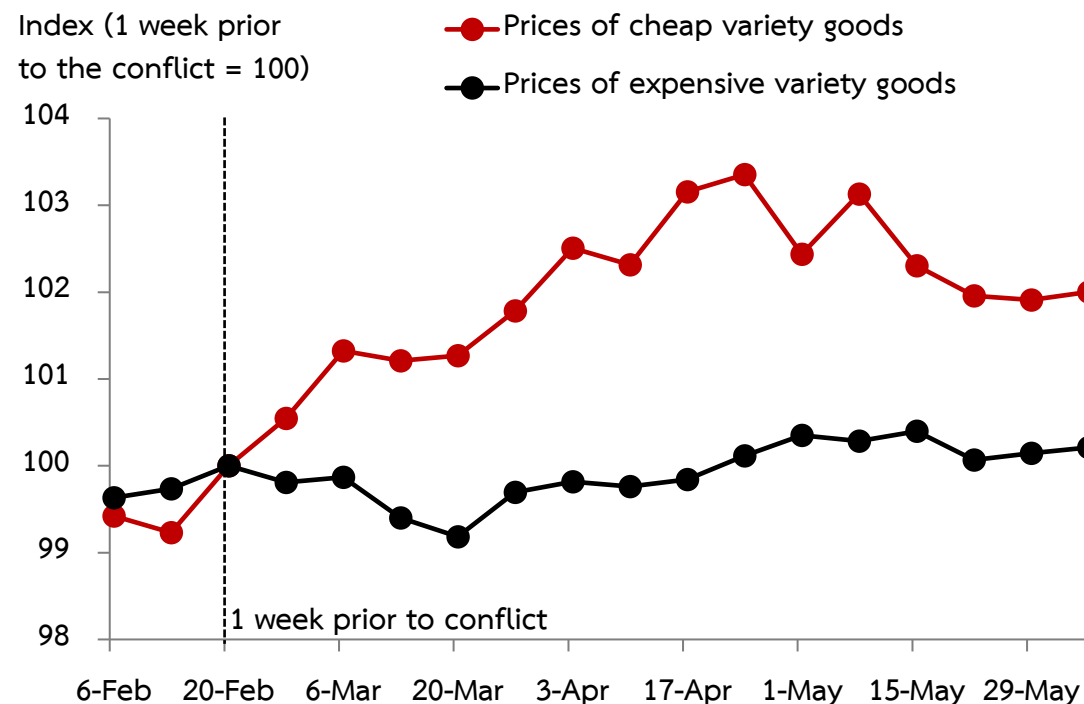
Household purchasing power is weighed down by slower income growth and elevated costs of living

Lower-income households tend to face greater pressures from high costs of living than higher-income households

Household income and costs of living



Weekly online prices of cheap vs. expensive variety goods



Note: Monthly income refers to non-farm income; Q1 2026 figures are preliminary averages for Jan–Mar. Costs of living is measured by the consumer price index (CPI).

Sources: Ministry of Commerce and National Statistical Office; calculated by Bank of Thailand

Note : (1) Online price data account for approximately 20% of items in the CPI basket.

(2) Prices of cheap variety goods refer to items with unit prices below median, while prices of expensive variety goods refer to items with unit prices above median.

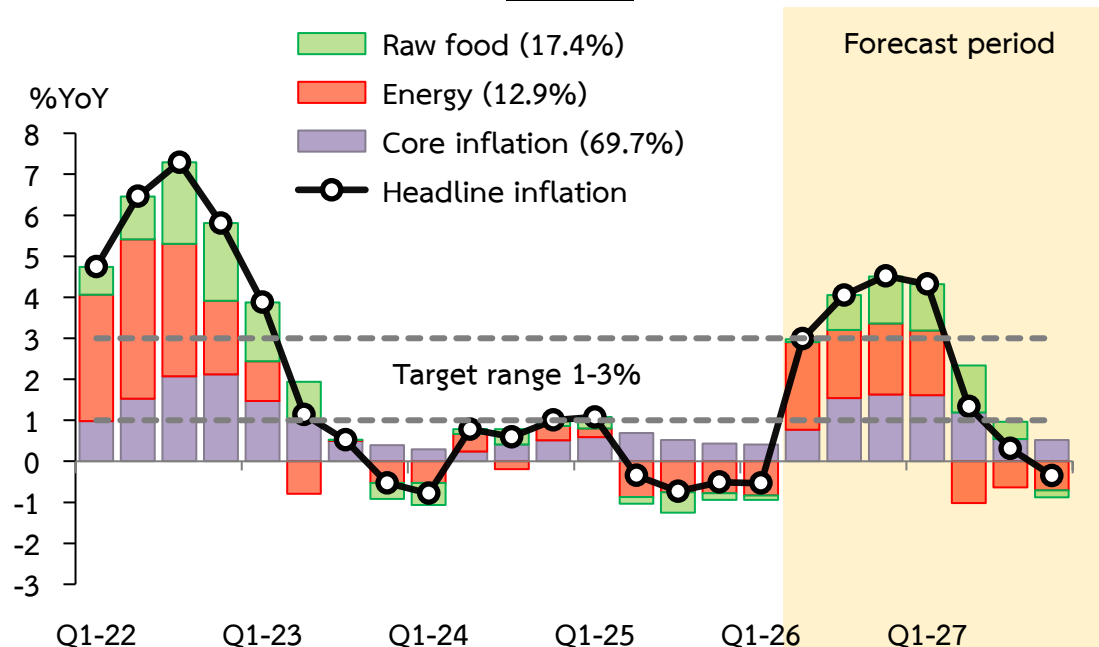
Sources : Big C, Lotus's, Tops online; Department of Internal Trade; calculated by Bank of Thailand



Inflation is expected to temporarily rise beginning Q2/2026 before declining in 2027 due to dissipation of supply-side pressures and the effect of a high base in 2026



Inflation



MPC Jun 26 projection (%YoY)	2026	2027
Headline inflation	2.8 (2.9)	1.4 (1.5)
Core inflation	1.5 (1.6)	1.4 (1.5)
Energy inflation	9.6 (9.7)	-1.6 (-0.6)
Raw food inflation	2.8 (3.1)	3.6 (2.9)

Note: () denotes estimation as of MPC Apr 26

Source: Ministry of Commerce; estimated by Bank of Thailand

Note: () denote the weight in the CPI basket (base year 2023)

Source: Ministry of Commerce; estimated by Bank of Thailand

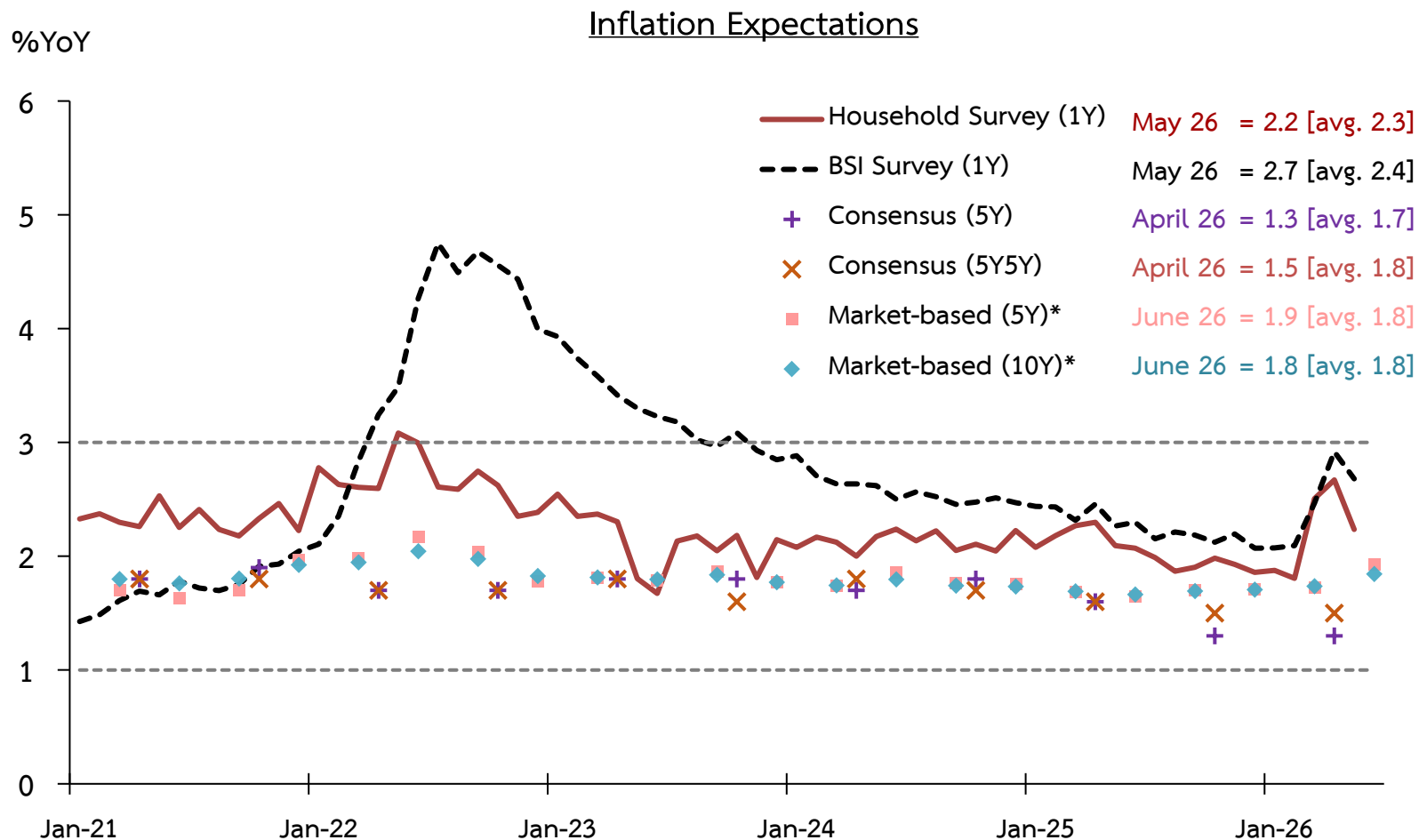
Monthly projection 2026 (%YoY)	Jan	Feb	Mar	Apr	May	Jun ^F	Jul ^F	Aug ^F	Sep ^F	Oct ^F	Nov ^F	Dec ^F
Headline Inflation	-0.7	-0.9	-0.1	2.9	2.8	3.3	3.7	4.1	4.4	4.5	4.5	4.5
Headline Inflation <i>excluding government measures*</i>						3.1	3.5	3.9	4.2	4.4	4.4	4.4

Note: F = Forecast, * Government measures refer to the measures mitigating the impact of energy crisis under the THB 400 billion emergency borrowing decree.

Source: Ministry of Commerce; estimated by Bank of Thailand



Medium-term inflation expectations remain anchored within the target range



Sources: Asia Pacific Consensus Economics, Business Sentiment Survey (BOT), Consumer Confidence Index (Ministry of Commerce)

Note: [] denotes the average since January 2018; *estimated using affine term structure model based on yield curve and macroeconomic factor.



Inflation risks remain going forward

Geopolitical risks remain closely monitored

Geopolitical Risk Index

Index (7-day MA)



Note: Data as of 15 June 2026

Source: Caldara and Iacoviello (2022), "Measuring Geopolitical Risk"

Cost pass-through could increase due to pipeline pressures

Producer-to-Consumer Price Index (PPI/CPI)

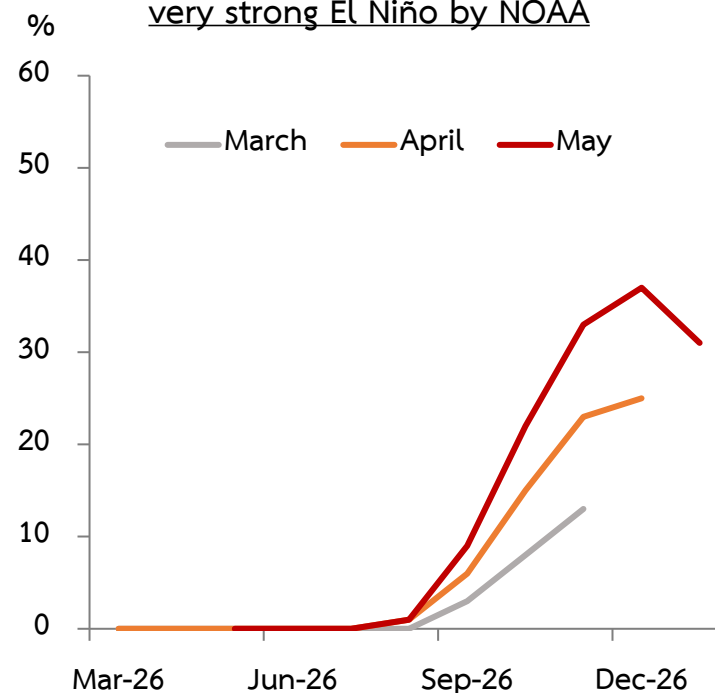
(x)



Source: Ministry of Commerce, calculated by Bank of Thailand

El Niño could exert greater-than-anticipated impacts

Probability of very strong El Niño by NOAA



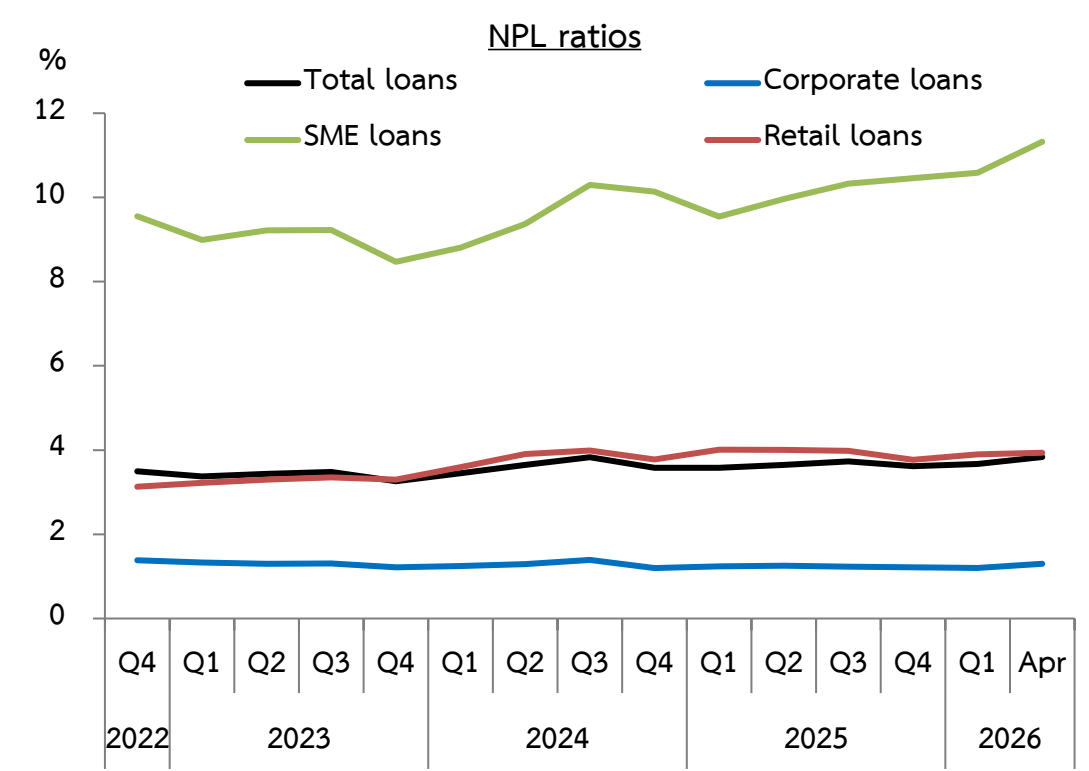
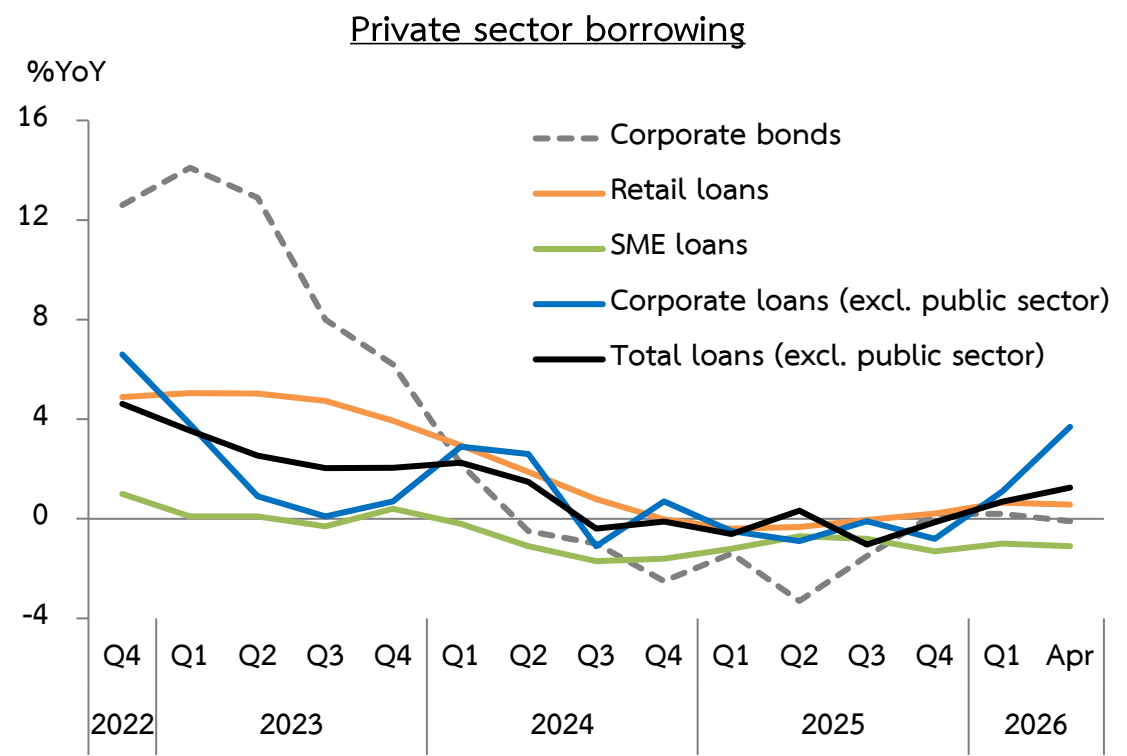
Source: National Oceanic and Atmospheric Administration (NOAA)



Financial institutions remain cautious in lending to high-risk borrowers; Need to continue monitoring loan quality among SMEs and vulnerable households

Overall credit expands at a low rate, driven primarily by large corporate borrowers, while SME loans continue to contract

Although overall credit quality has remained stable, debt repayment ability of SMEs and vulnerable households warrant close monitoring



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 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: Bank of Thailand

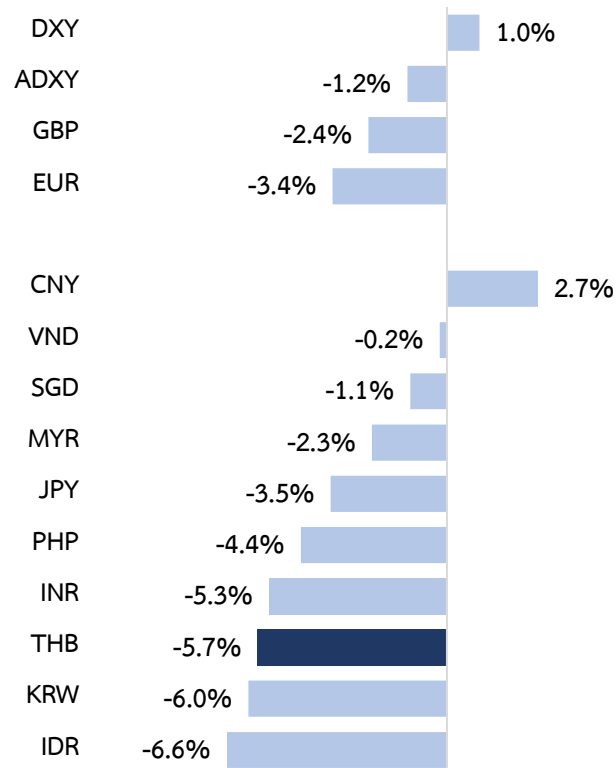


Baht depreciated driven primarily by U.S. dollar appreciation

Most currencies have depreciated in line with the shift in Fed's policy outlook; currencies experiencing significant depreciation faced additional pressures from idiosyncratic factors

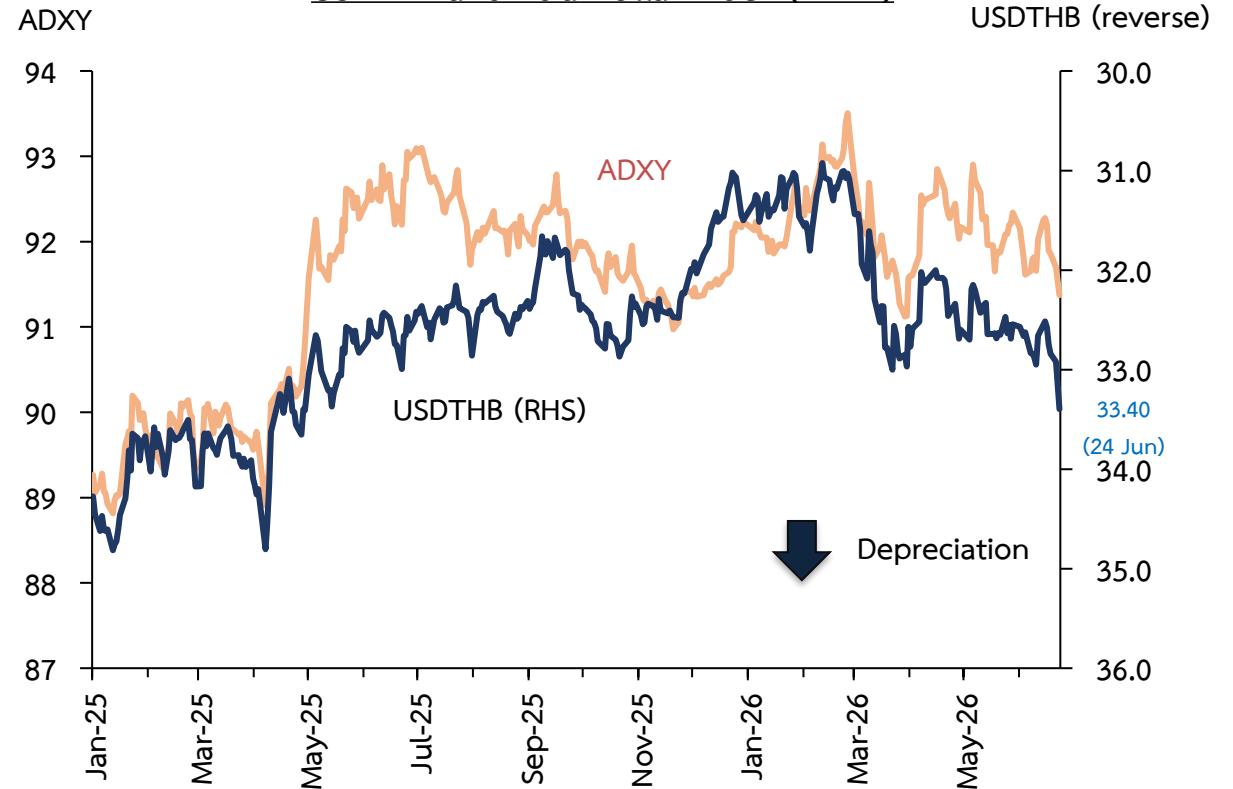
Baht experienced periods of heightened volatility, partly due to idiosyncratic factors. The BOT will continue to closely monitor currency movements.

Changes in exchange rates against USD (YTD)



Source: Bloomberg, calculated by Bank of Thailand (as of 24 Jun 2026)

USDTHB and Asia Dollar Index (ADXY)



Source: Bloomberg, calculated by Bank of Thailand (as of 24 Jun 2026)



Need to integrate monetary policy and fiscal policy as well as targeted financial measures in the current context

Monetary Policy

Monetary policy prioritizes maintaining price stability. However, given the inflation outlook and associated risks, monetary policy can remain accommodative to support economic recovery

Fiscal Policy

- Mitigate short-term economic impacts, including cost-of-living support measures and *Thai Chuay Thai Plus* co-payment scheme
- Prioritize improvements in long-term productivity and structural economic transformation

Financial measures

- Address debt issues among vulnerable groups e.g., debt resolution (*Pid Nee Wai, Pai Tor Dai*)
- Strengthen liquidity and enhance SME potential e.g., SMEs Credit Boost and SMEs Secure Plus



The Committee views that the current policy rate is appropriate to support economic recovery.
While inflation has increased due to supply-side factors,
the Committee will continue to monitor its outlook and associated risks going forward.

Risks to monitor

1. Cost-price pass-through & broad-based and persistent price increases
2. Medium-term inflation expectations
3. Debt repayment ability of SMEs and vulnerable households



Annual percentage change	2025*	2026	2027
GDP growth	2.4	2.3	1.8
Domestic demand	2.8	2.8	1.8
Private consumption	2.7	2.6	1.4
Private investment	3.5	6.0	3.6
Government consumption	0.6	0.2	0.3
Public investment	8.9	3.1	3.9
Exports of goods and services	9.3	10.2	3.9
Imports of goods and services	6.8	11.2	2.1
Current account (billion, U.S. dollars)	15.9	0.0	8.0
Value of merchandise exports (%YoY)	12.7	14.0	4.6
Value of merchandise imports (%YoY)	13.0	20.2	2.2
Number of foreign tourists (million persons)	33.0	33.0	35.5
Tourism receipt (Trillion baht)	1.4	1.5	1.6
Dubai crude oil price (U.S. dollars per barrel)	69.4	90	80
Headline inflation	-0.1	2.8	1.4
Core inflation	0.8	1.5	1.4

Note: * Outturns