ธนาคารแห่งประเทศไทย
BANK OF THAILAND

Press Conference

Monetary Policy Committee Decision 4/2026

26 August 2026

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The Committee voted unanimously to maintain the policy rate at 1.00 percent

- The Thai economy is projected to expand in line with the previous assessment, but overall growth remains low and uneven. It is necessary to monitor private consumption momentum after the expiration of government support measures, as well as the spillovers from the technology and AI cycle to the broader economy.
- Inflation is projected to be lower than previously assessed, although it is expected to increase temporarily through early next year due to El Niño and cost pass-through. Thereafter, inflation is expected to return to low levels owing to base effects and subdued domestic demand.
- Overall credit growth has picked up, driven primarily by lending to large corporates. While part of this expansion reflects the new investment cycle, most reflects borrowing for working capital purposes. Meanwhile, financial conditions remain tight for SMEs and low-income households, with credit quality continuing to deteriorate.

The Committee assesses that an accommodative monetary policy stance, coupled with targeted financial measures, has helped support economic recovery. The Committee therefore voted to maintain the policy rate at this meeting while continuing to monitor developments surrounding the conflict in the Middle East, trade protectionist measures, and risks to inflation going forward.

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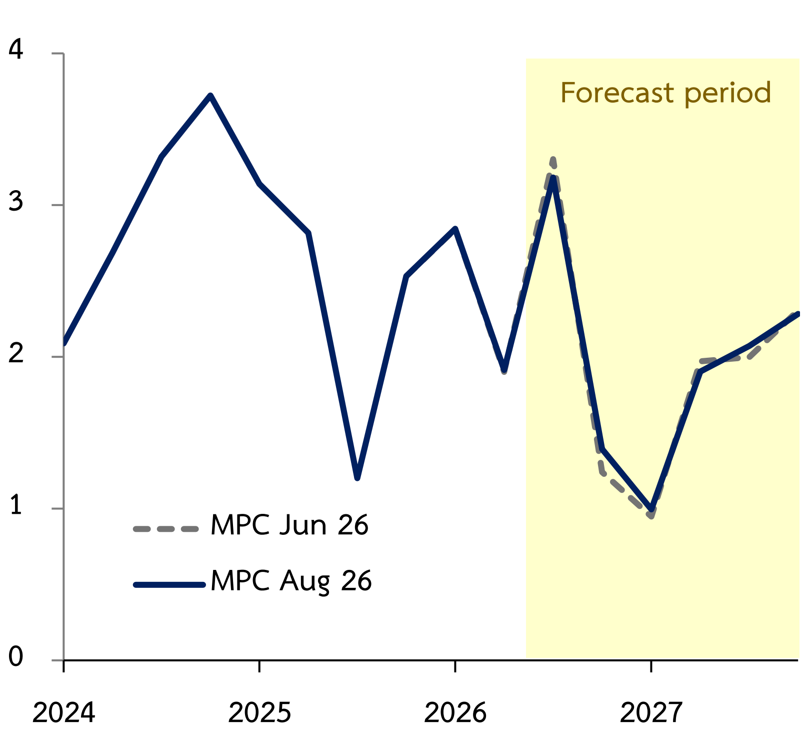
The technology and AI cycle continues to support the Thai economy, but overall growth remains low and uneven

The Thai economy is projected to expand in line with the previous assessment

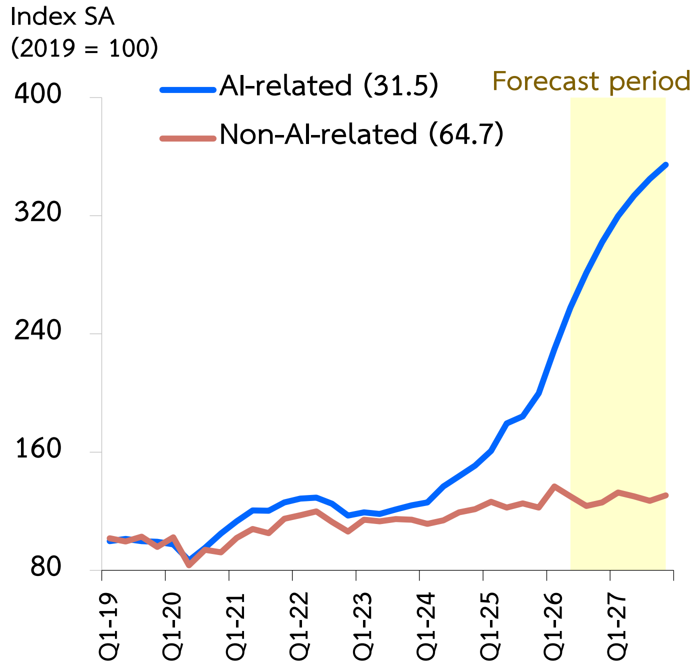
GDP Growth Projection



Source: NESDC, calculated by Bank of Thailand

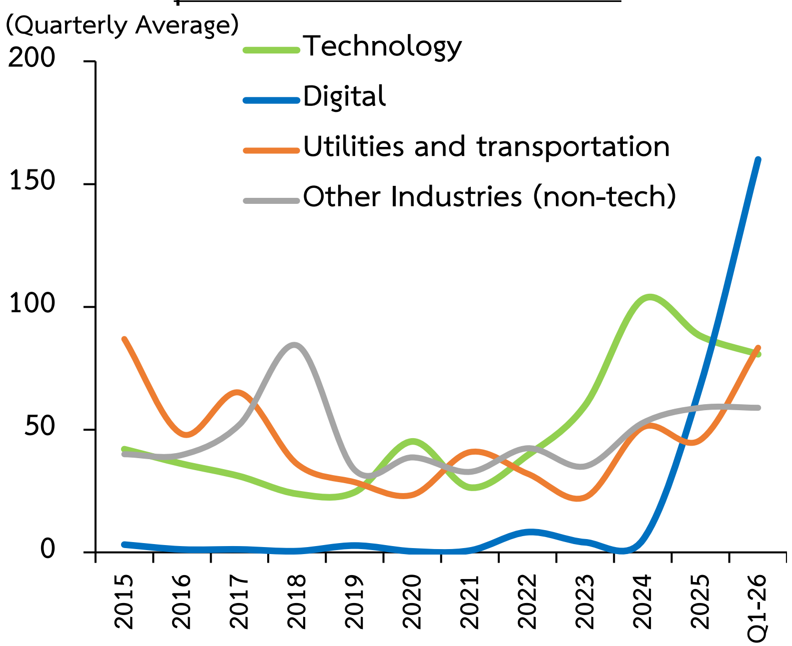
Merchandise exports and private investment continue to expand, driven primarily by the technology and AI cycle

Merchandise exports (excluding gold)



Note: AI-related includes electronics, machinery and equipment, and iron and metal products. Non-AI-related includes all other exports excluding gold.
( ) indicates a share of total export value
Source: Thai Customs Department, calculated by Bank of Thailand

Board of Investment (BOI) promotion certificates issued

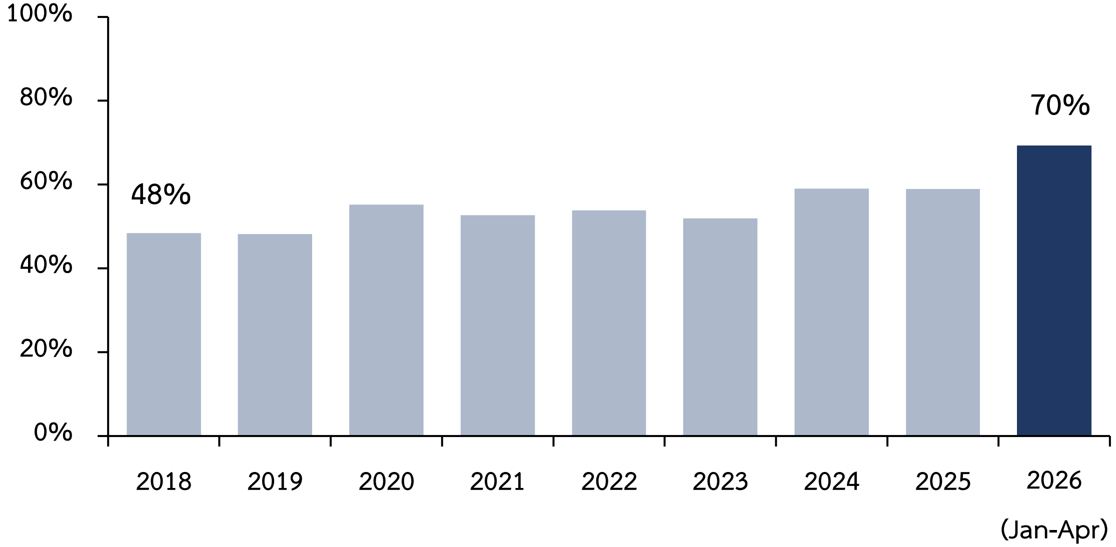


Note: Technology industries comprise (1) machinery, automation systems, and automotive (2) electrical appliances and electronics; Digital industries comprise data centers and software; Utilities and transportations comprise electricity and water supply, creative industries, and high value-added services; Other industries (non-tech) comprise (1) agriculture, food, and biotechnology (2) chemicals, petrochemicals, and plastics (3) metals and materials and (4) medical-related.
Source: BOI

Spillovers from the technology and AI cycle to the economy remain limited

Share of imported inputs used in merchandise exports has risen in recent years

Average import content*

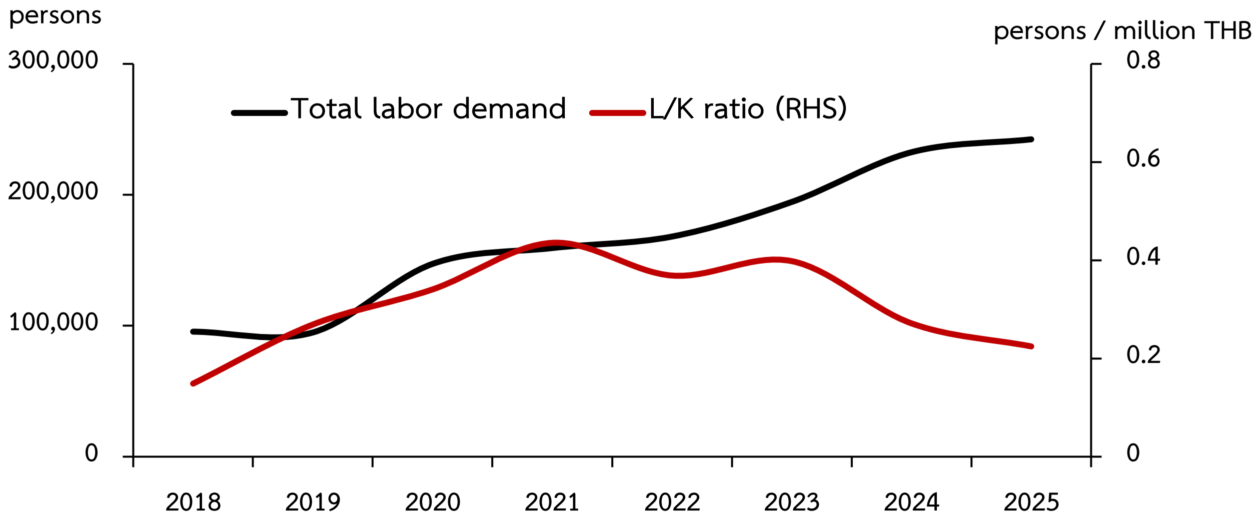


Note: * Calculated as the ratio of imports of electronic components and electrical appliances to technology-related exports, based on firms in the top 1 percent of technology export value.

Source: Thai Customs Department; calculated by Bank of Thailand

Recent investment cycle has contributed less to job creation than in the past

Labor demand and labor Intensity of BOI-promoted investment



Note: Labor demand is based on BOI survey data on workforce requirements of investment projects granted investment promotion in the respective year

Source: BOI, calculated by Bank of Thailand

Recent increases in investment tend to generate only limited employment gains for Thai workers, while employment patterns have been changing noticeably:

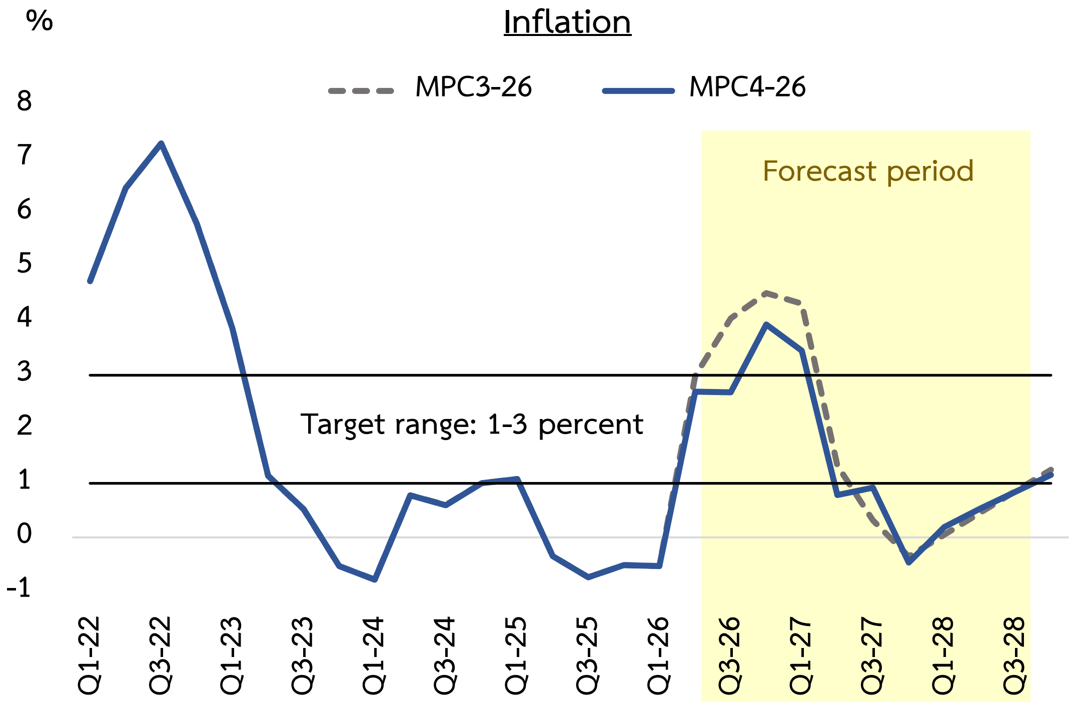
(1) Net employment losses. Job creation from new business formation fails to compensate for losses from business closures.

(2) Skill mismatches. Domestic skill gaps and changing employment preferences have increased reliance on foreign workers.

(3) Contract hiring. Firm demand has shifted toward flexible, contract-based hiring to manage labor costs.

Inflation is projected to be lower than previously assessed; however, it is necessary to monitor war-related uncertainties which could lead to renewed increases in oil prices

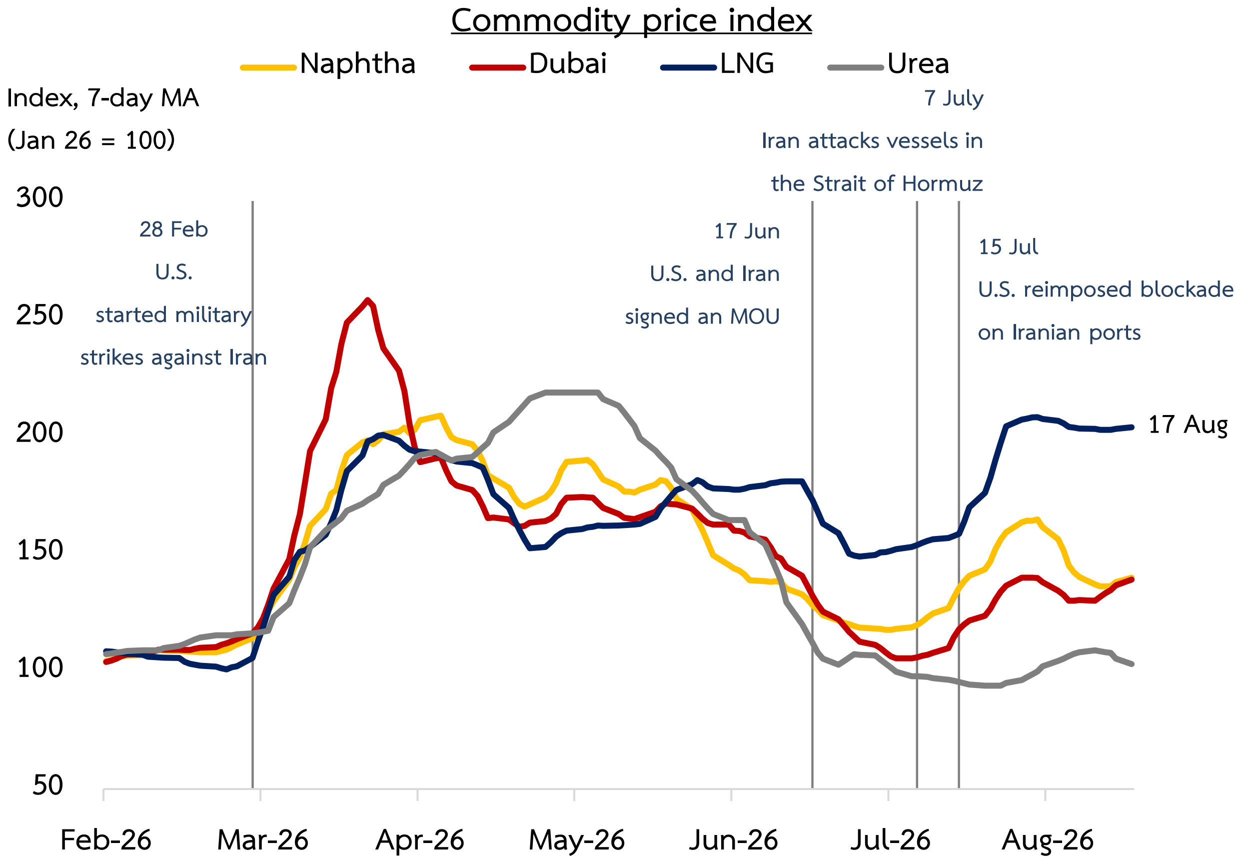
Headline inflation is projected to be lower than previously assessed due to lower global energy prices



Note: F = Forecast

Source: Ministry of Commerce, calculated by Bank of Thailand

Commodity prices could rise if geopolitical tensions escalate

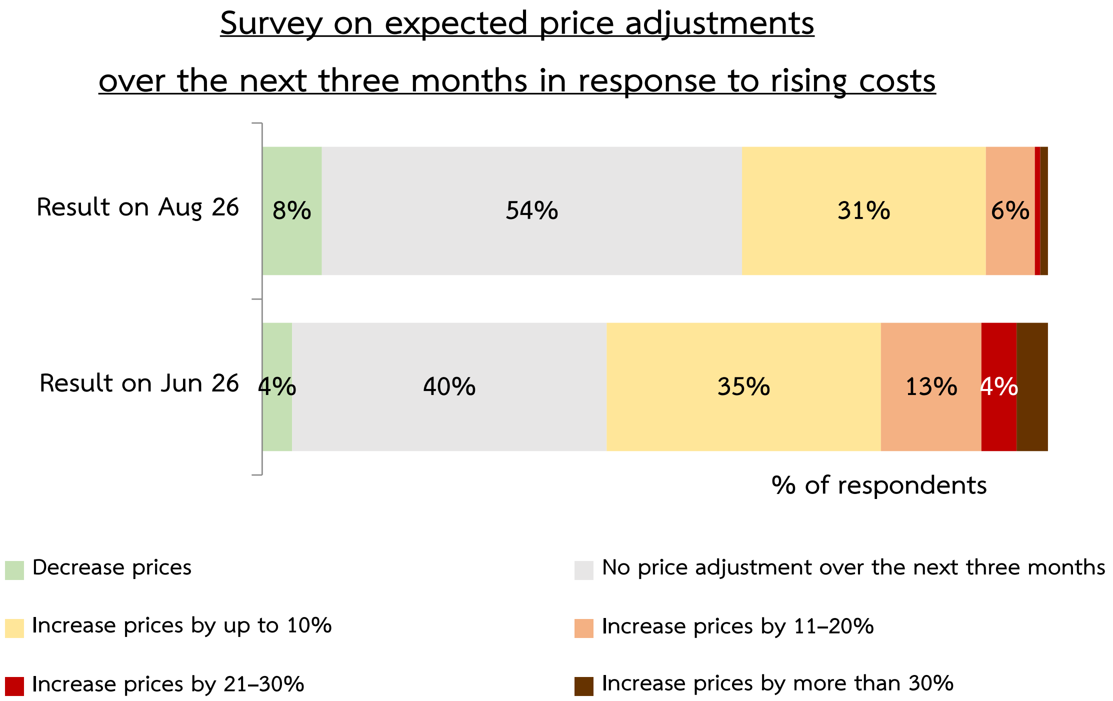


Source: Bloomberg

Cost pass-through by firms and medium-term inflation expectations also warrant close monitoring

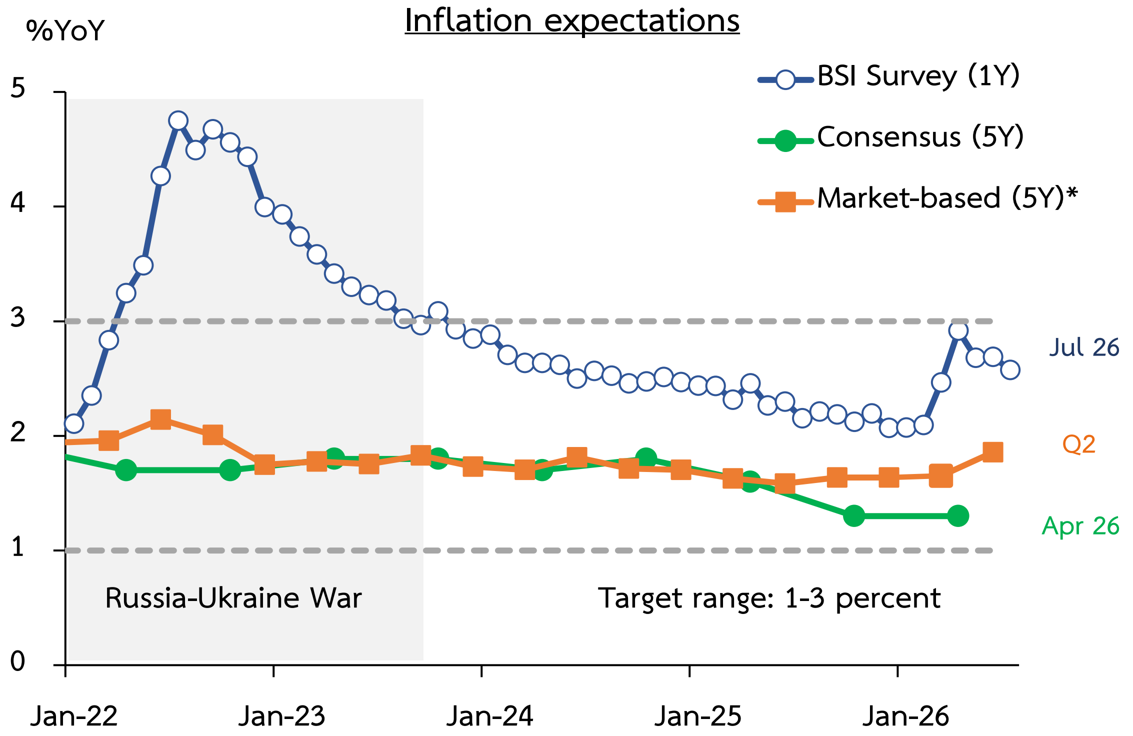
Cost pass-through to goods and services is expected to continue throughout the remainder of the year

Medium-term inflation expectations remain anchored within the target range



Note: *Preliminary results based on responses from around 300 firms

Source: BSI Special Surveys, June 2026 and August 2026



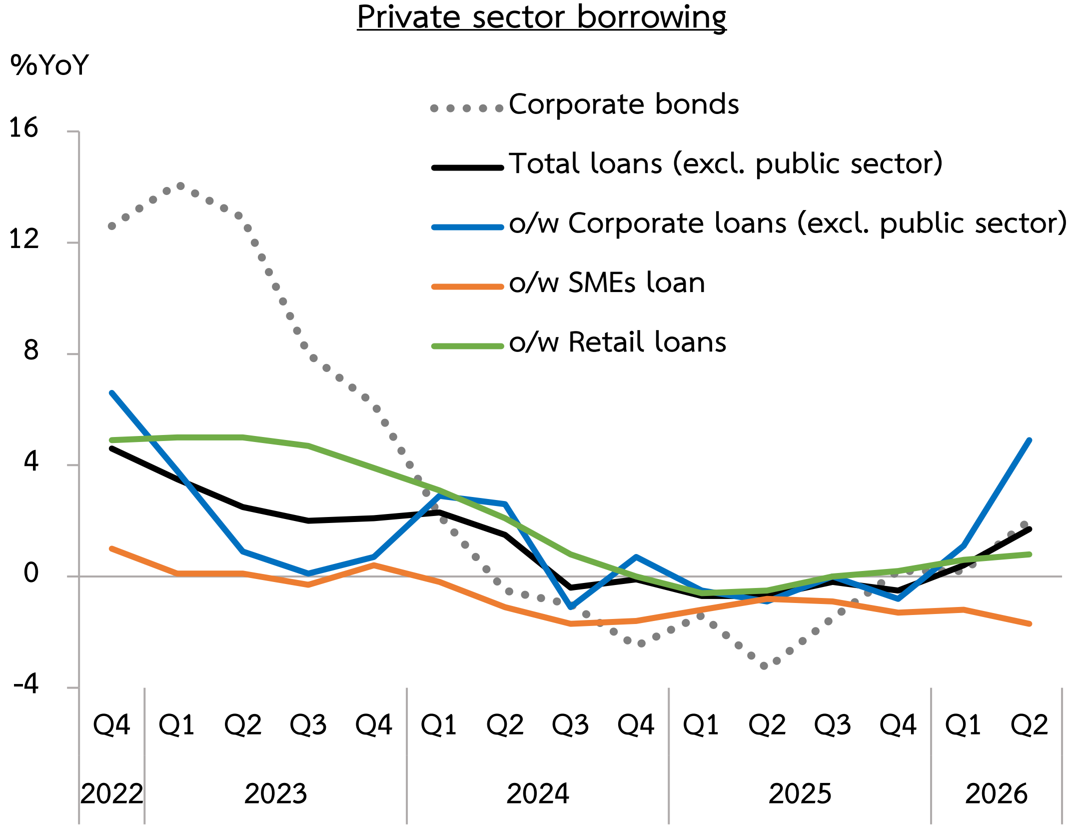
Note: * Estimated using an affine term structure model based on yield curve data and macroeconomic factors

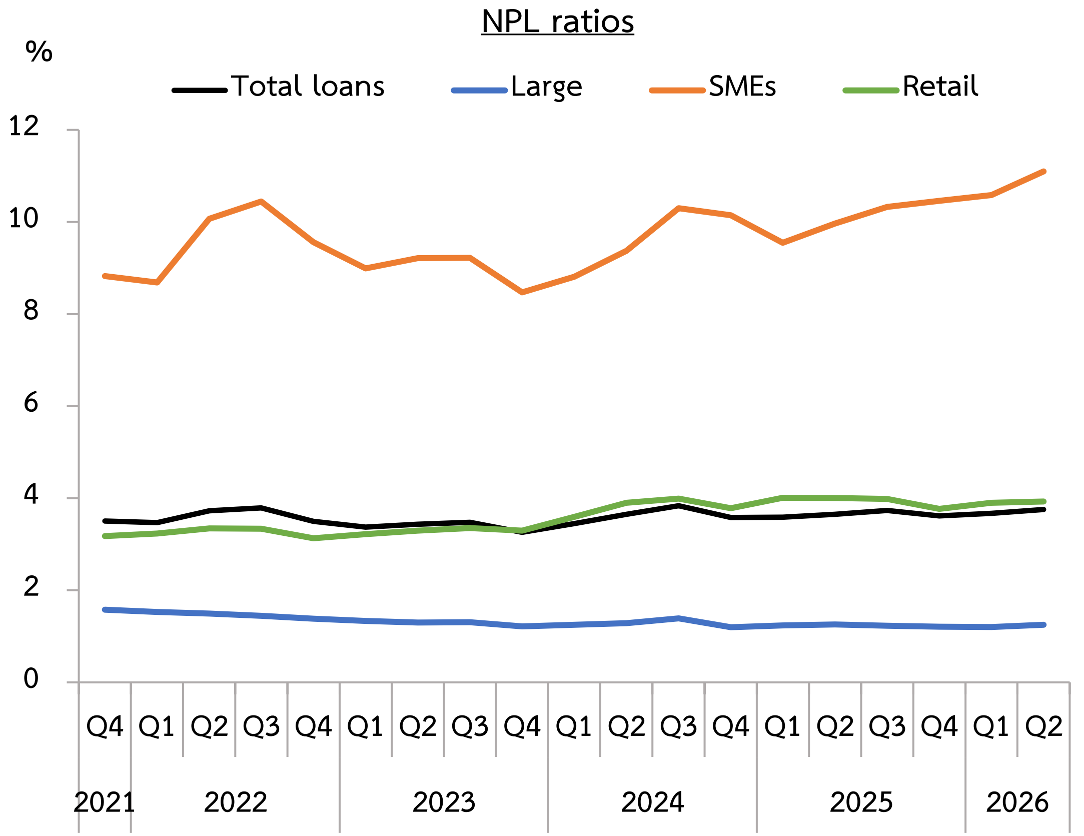
Sources: Asia Pacific Consensus Economics, Business Sentiment Survey (BOT)

Financial conditions for SMEs and vulnerable households remain tight

Credit growth has picked up, driven by large corporates, while SME credit continues to contract

SME loan quality has deteriorated, with some borrowers continuing to face persistent debt problems





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

Accommodative monetary policy should be accompanied by fiscal policy and targeted financial measures to support the economy in the short term and to address underlying structural challenges

Monetary Policy

Monetary policy remains accommodative to support economic growth, while risks to inflation warrant close monitoring

Fiscal Policy

- Mitigate short-term economic impacts, including cost-of-living support measures and the *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 temporarily due to supply-side factors, the Committee will continue to monitor the inflation outlook and associated risks going forward.

Risks to monitor

1. Geopolitical developments in the Middle East conflict and trade protectionist measures
2. Cost pass-through by firms and medium-term inflation expectations
3. Debt repayment ability of SMEs and vulnerable households