



ธนาคารแห่งประเทศไทย
BANK OF THAILAND

Press Conference

Monetary Policy Committee Decision 5/2026

28 October 2026

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

- The Thai economy continues to gain momentum on the back of the technology and AI cycle. Nevertheless, overall growth remains below potential and the benefits remain concentrated.
- Inflation is projected to rise temporarily before returning to low levels due to base effects and weak domestic demand amid low economic growth, partly reflecting structural impediments.
- The baht has depreciated and Thai government bond yields have risen in line with developments in global financial markets, but the impact on funding costs remains limited. Overall credit growth has been driven mainly by large corporate loans, while SME loans contract and retail loans record weak growth.

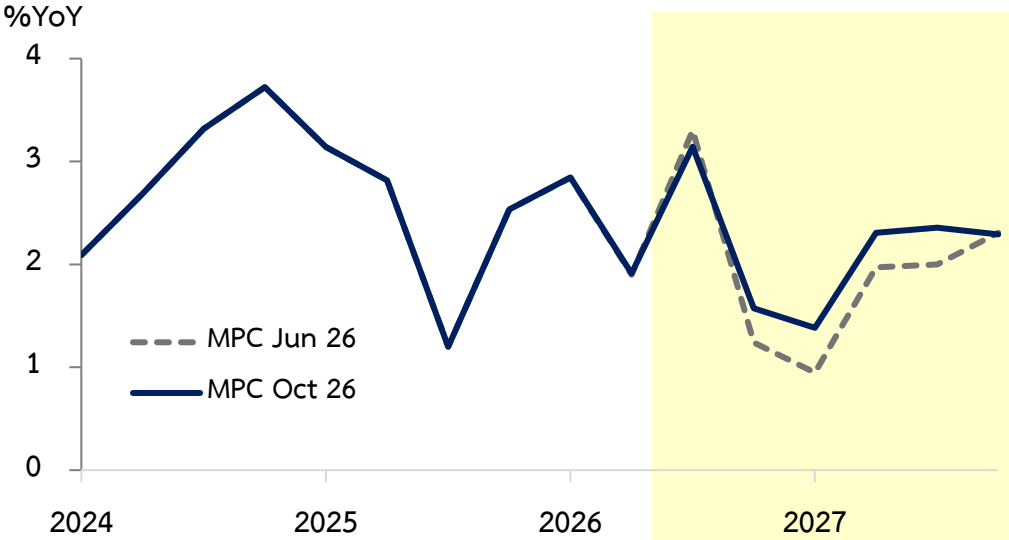
The Committee assesses that an accommodative monetary policy stance, coupled with targeted financial measures, has helped support the economic recovery. The Committee therefore voted to maintain the policy rate at this meeting. Going forward, the Committee will monitor the inflation outlook and surrounding risks, as well as the effects of low interest rates on long-term macro-financial stability.



The Thai economy continues to gain momentum on the back of the technology and AI cycle, but the benefits remain concentrated

The economy continues to gain momentum on the back of the technology and AI cycle

GDP growth projection



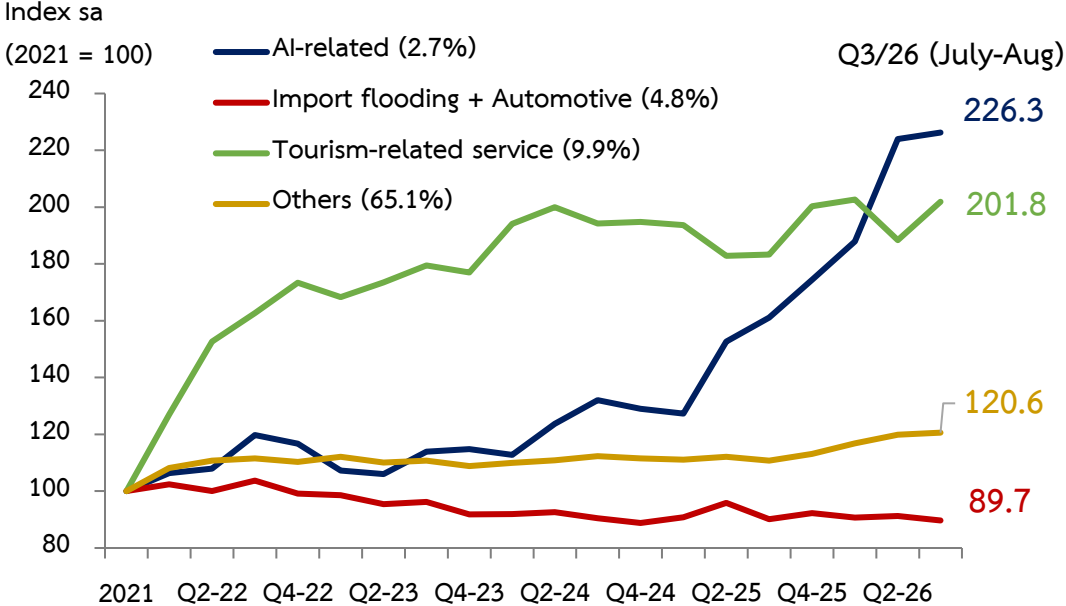
%YoY	2025	2026 ^F	2027 ^F
MPC Jun 26	2.4	2.3	1.8
MPC Oct 26		2.4	2.1

Note: F = Forecast

Source: NESDC; estimates by the Bank of Thailand based on historical GDP figures, which have not incorporated the latest Manufacturing Production Index (MPI) revision.

However, the benefits remain concentrated with limited spillovers to the broader economy

Economic recovery across sectors



Note: () denotes a share in 2024 GDP

- AI-related group refers to manufacturing sectors associated with goods used in data center operations, such as electronics, electrical equipment, machinery and equipment, as well as service sectors related to data centers, cooling systems, and the wholesale of electronic equipment and components.
- Import flooding group refers to sectors including electrical appliances, textiles and apparel, petrochemicals, iron and fabricated metals, and furniture
- Tourism-related group refers to sectors including hotels, restaurants, passenger transport, souvenir retail, arts & entertainment, and spa & wellness services
- AI-related manufacturing sector is based on VAT sales data

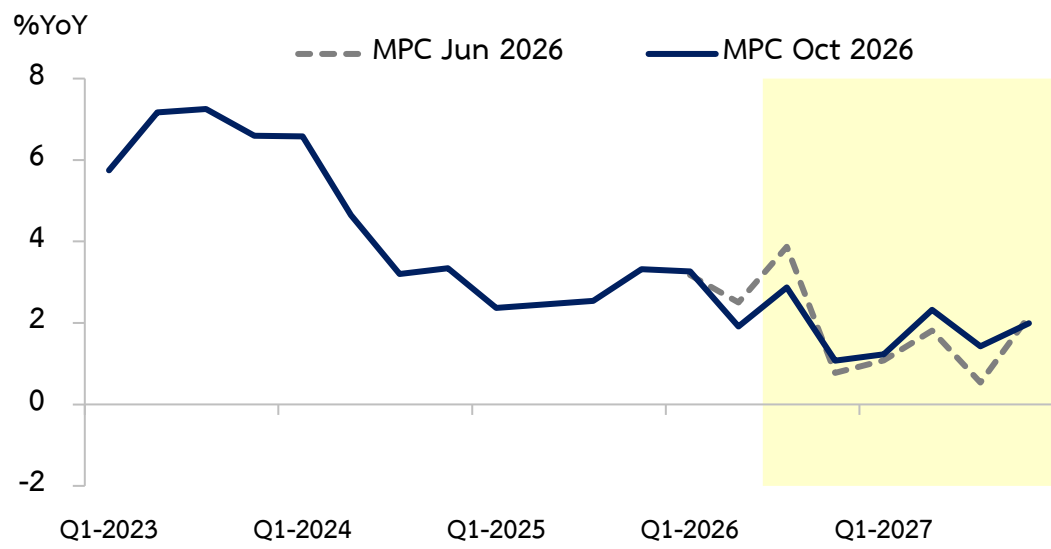
Sources: NESDC, NSO, Revenue Department, REIC and OIE, calculated by the Bank of Thailand



Private consumption continues to be constrained by elevated household debt, fragile labor market conditions, and weak purchasing power

Private consumption is expected to recover, but at a more moderate pace compared to historical trend

Private consumption projection (real term)

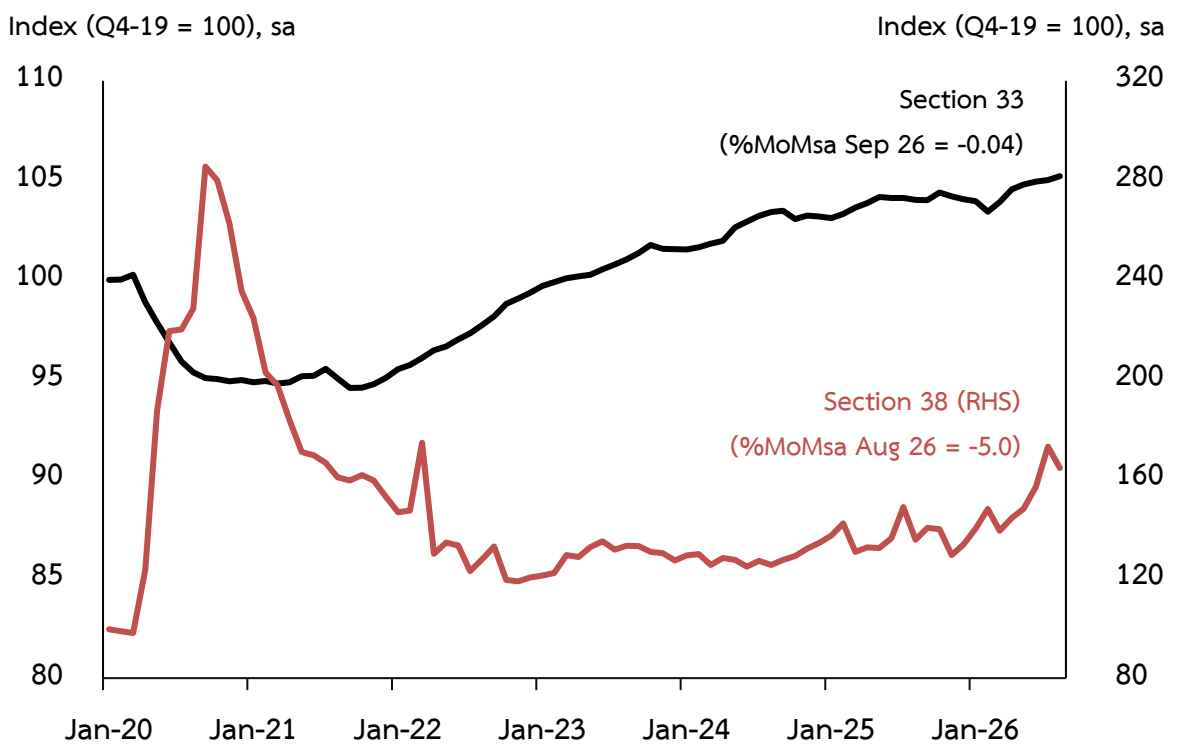


Private Consumption (%YoY)	2025	2026 ^F	2027 ^F
MPC Jun 26	2.7	2.6	1.4
MPC Oct 26		2.3	1.7

Note: F = Forecast, Source: NESDC, calculated by the Bank of Thailand

The labor market remains fragile, as the number of unemployment benefit claimants continues to be elevated

Insured persons (Section 33) and unemployment benefit claimants (Section 38)



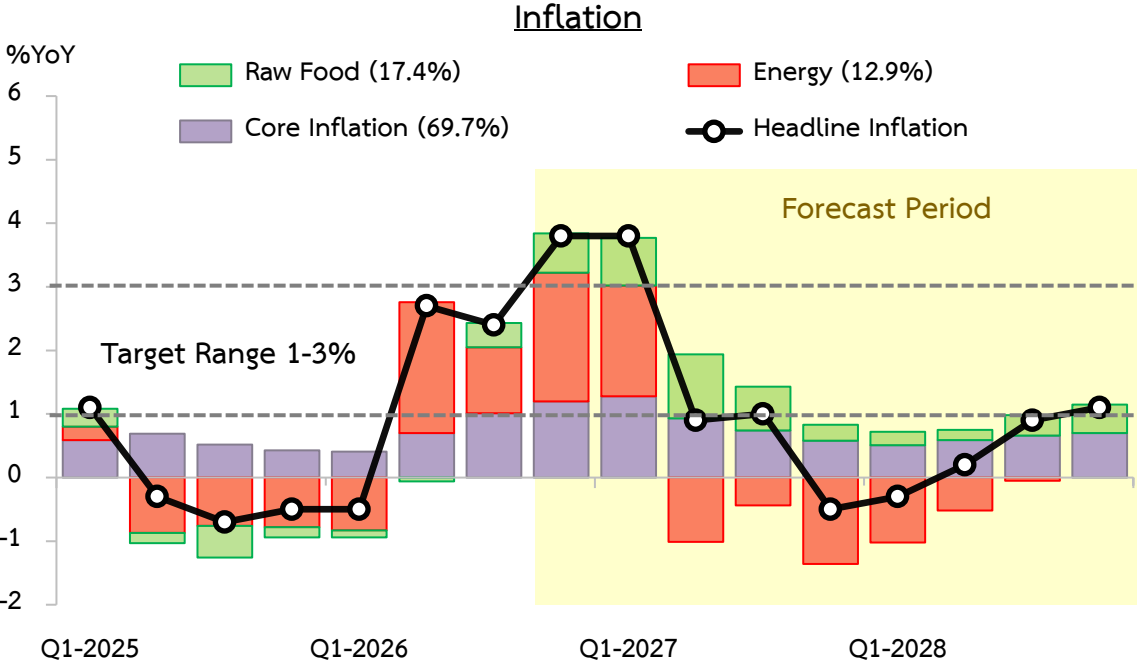
Note: Section 33 refers to employees aged 15 to 60 years. Section 38 refers to former Section 33 insured employees who have registered to claim unemployment benefits after their employment ended
Source: Social Security Office (SSO), calculated by the Bank of Thailand



Inflation is expected to rise temporarily, but geopolitical risks and the limited capacity of energy price subsidies warrant close monitoring

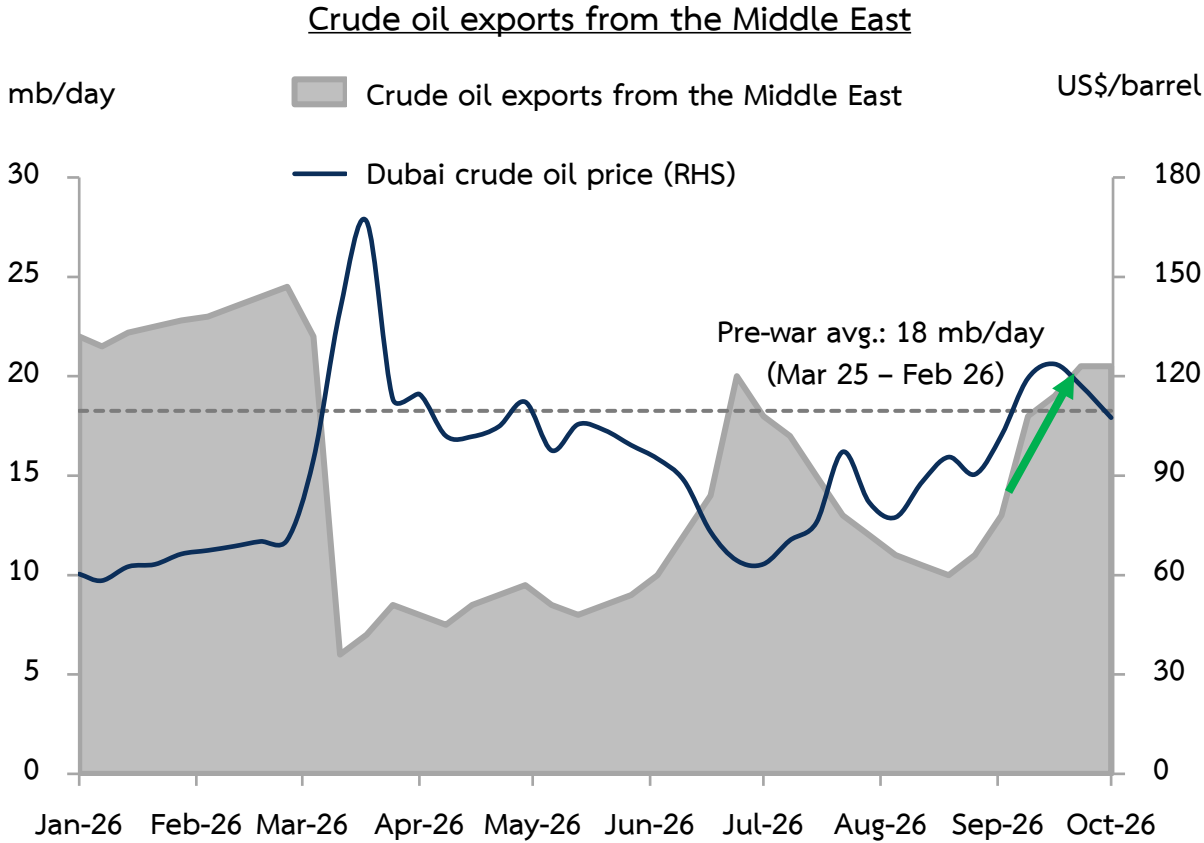
Inflation is expected to remain temporarily elevated due to energy and raw food prices

Although crude oil exports from the Middle East have increased, oil prices remain elevated



Forecast (%YoY)	2026 ^F	2027 ^F
Headline Inflation	2.1 (2.8)	1.3 (1.4)
Core Inflation	1.2 (1.5)	1.3 (1.4)

Note: () denotes the forecast as of Jun 2026 MPC
Source: Ministry of Commerce, calculated by the Bank of Thailand



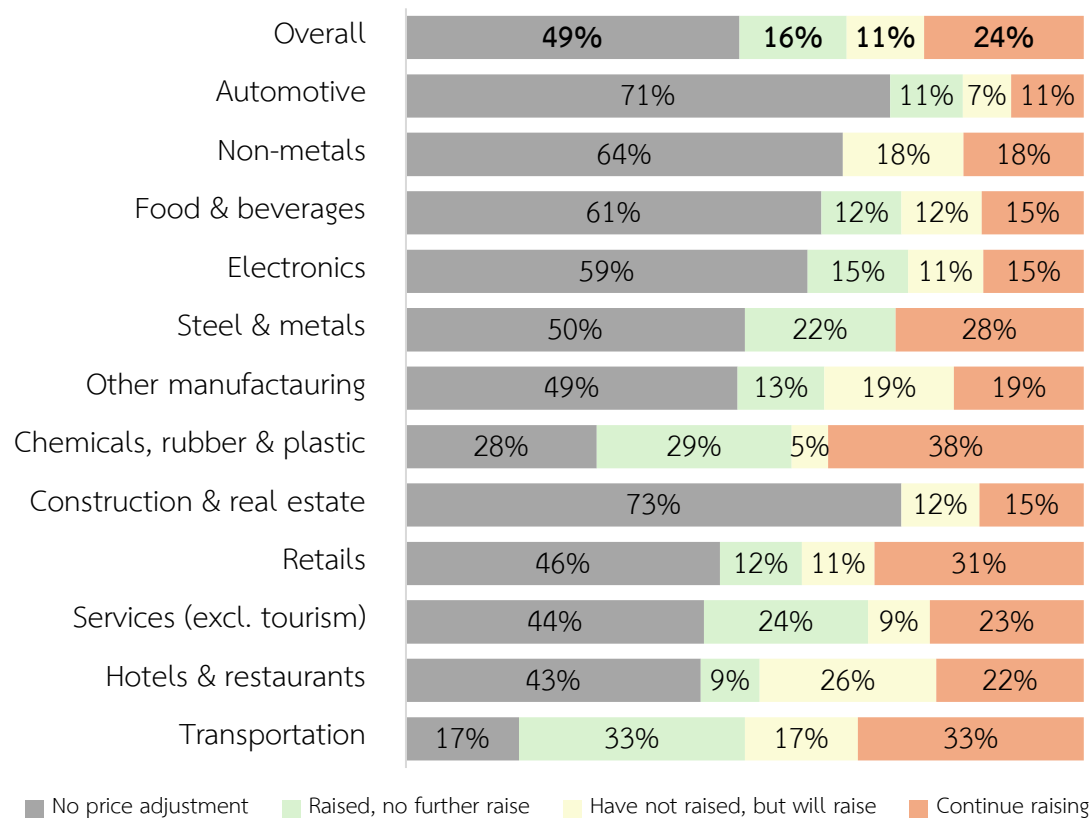
Sources: Bloomberg and Goldman Sachs



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

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

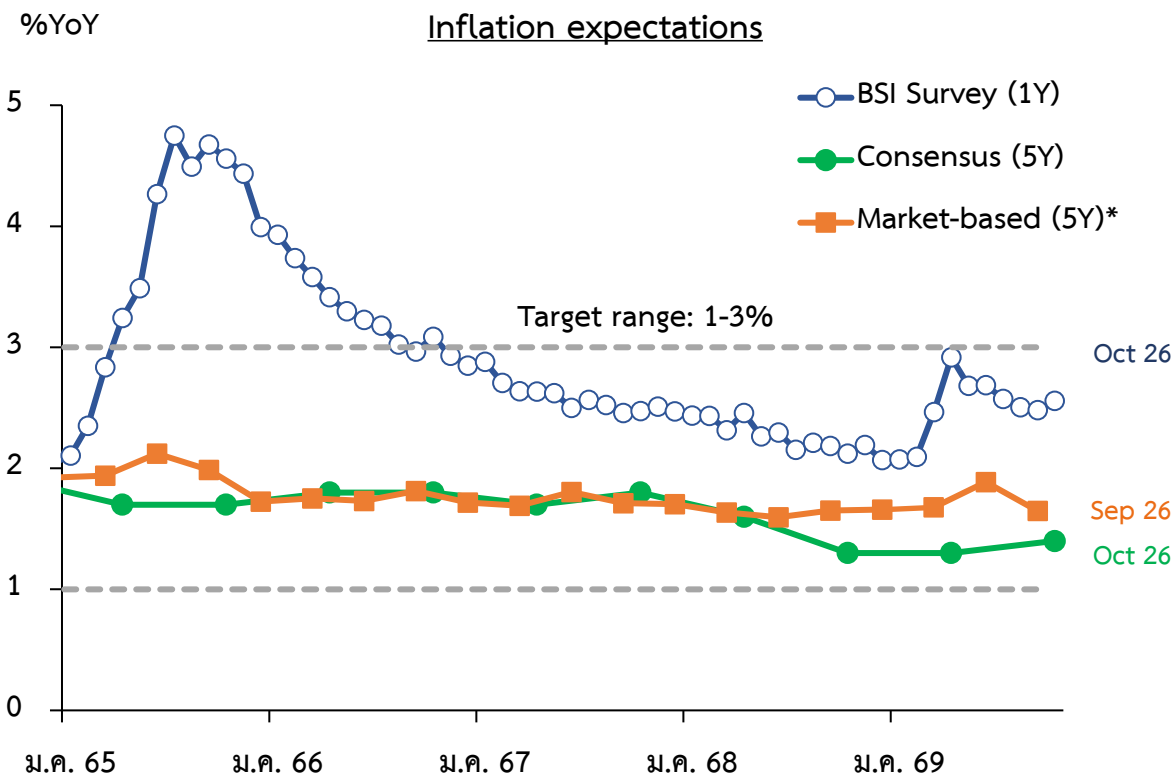
Price adjustments since the beginning of 2026 and expected price adjustments over the next three months*



Note: *Responses from around 430 firms

Source: BSI special surveys, October 2026

Medium-term inflation expectations remain anchored within the target range



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

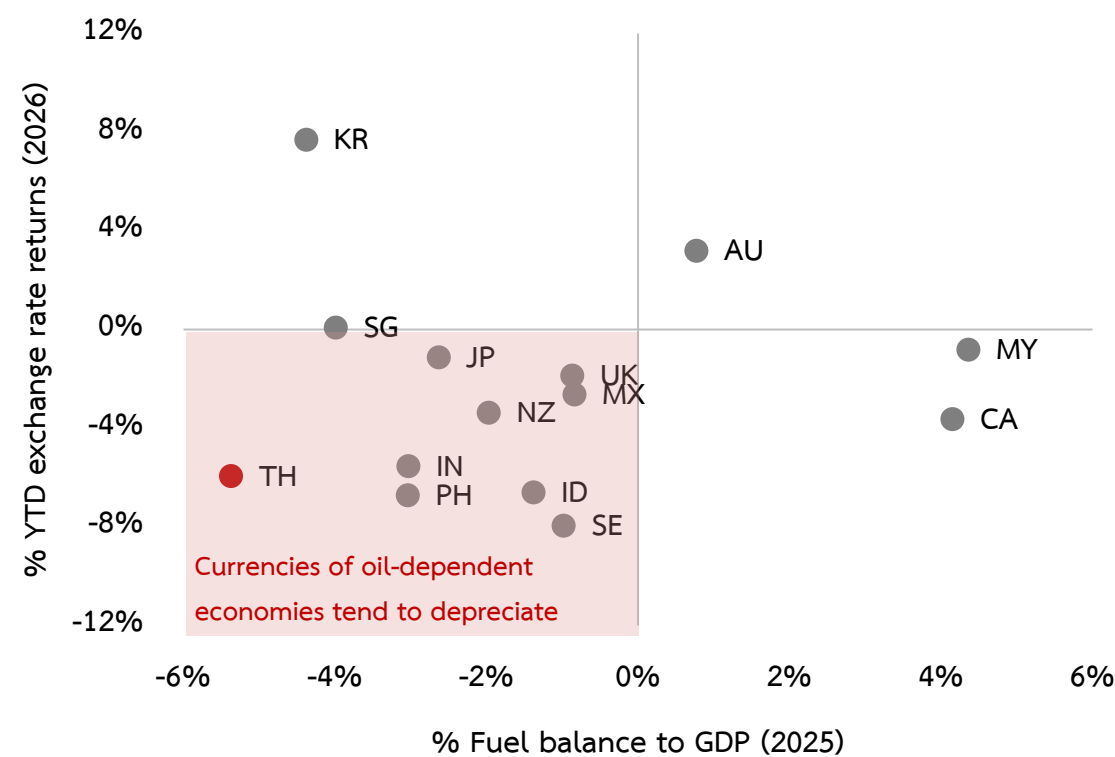
Source: Asia Pacific Consensus Economics, Business Sentiment Survey (BOT)

The baht depreciates partly due to a shift in market expectations toward a more restrictive U.S. monetary policy outlook and Thailand’s high dependence on energy imports; however, external stability remains strong

The baht weakens relative to regional peers, reflecting Thailand’s greater reliance on energy imports

Thailand’s strong external stability helps mitigate the impact of volatility in global financial conditions

Exchange rate returns and fuel balance



Note: YTD exchange rate returns (as of 15 Oct 2026)
Source: UN Comtrade and the World Bank.

Indicators of external stability

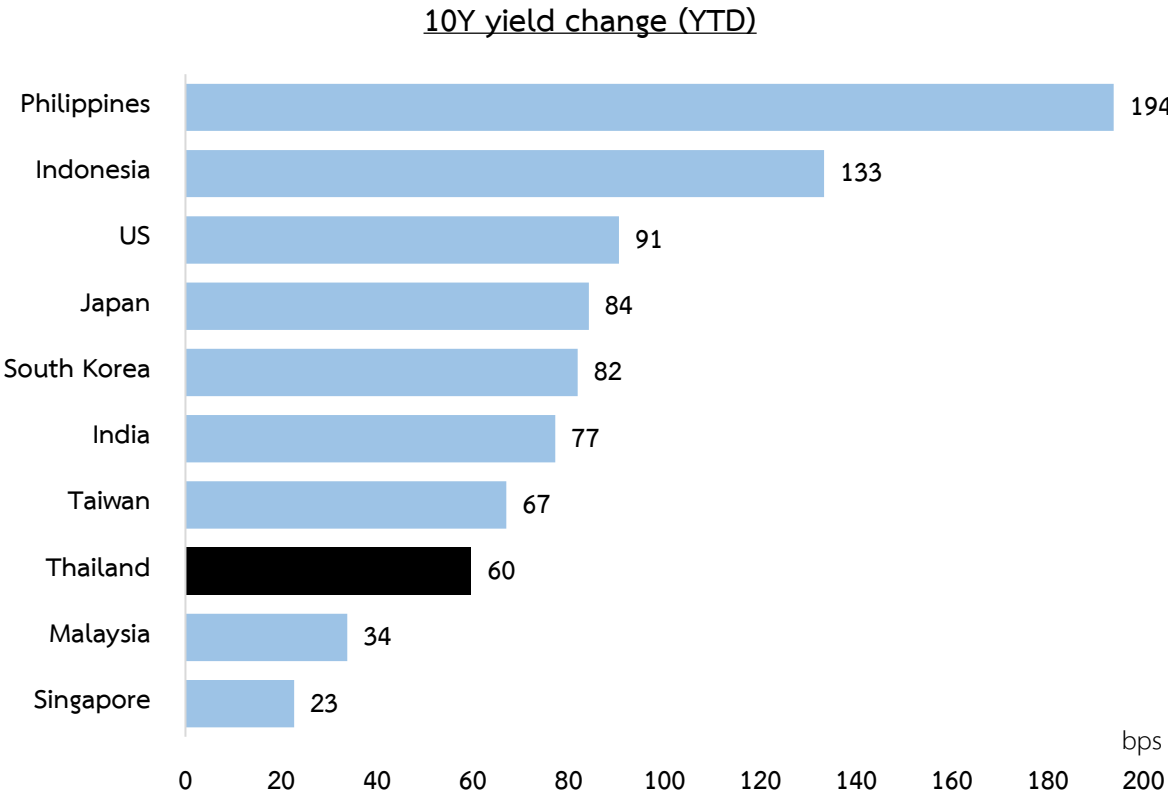
	Criteria	KR	TH	PH	ID	IN	MY
Current account to GDP (%)	-2%	18.8	0	-4.8	-1.6	-1.5	2.1
Billion USD		(421.9)	(0)	(-24.3)	(-23.5)	(-61.5)	(11.5)
External debt to GDP (%)	< 80%	39.9	36.3	31.6	30.6	20.8	71.6
Billion USD		(812.8)	(214.8)	(154.9)	(453.4)	(778.2)	(370.9)
Gross international reserves to short-term debt (%)	>100%	215.6	247.2	421.2	200.0	233.3	66.3
Billion USD		(427.4)	(279.2)	(104.7)	(145.6)	(726.0)	(132.6)

Note: Reserves to short-term-debt ratios are based on the latest available figures for 2025; the current account uses 2026 forecasts; external debt and international reserves data are as of Q2 2026.
Source: Bank of Thailand, IMF, Bloomberg, and CEIC.



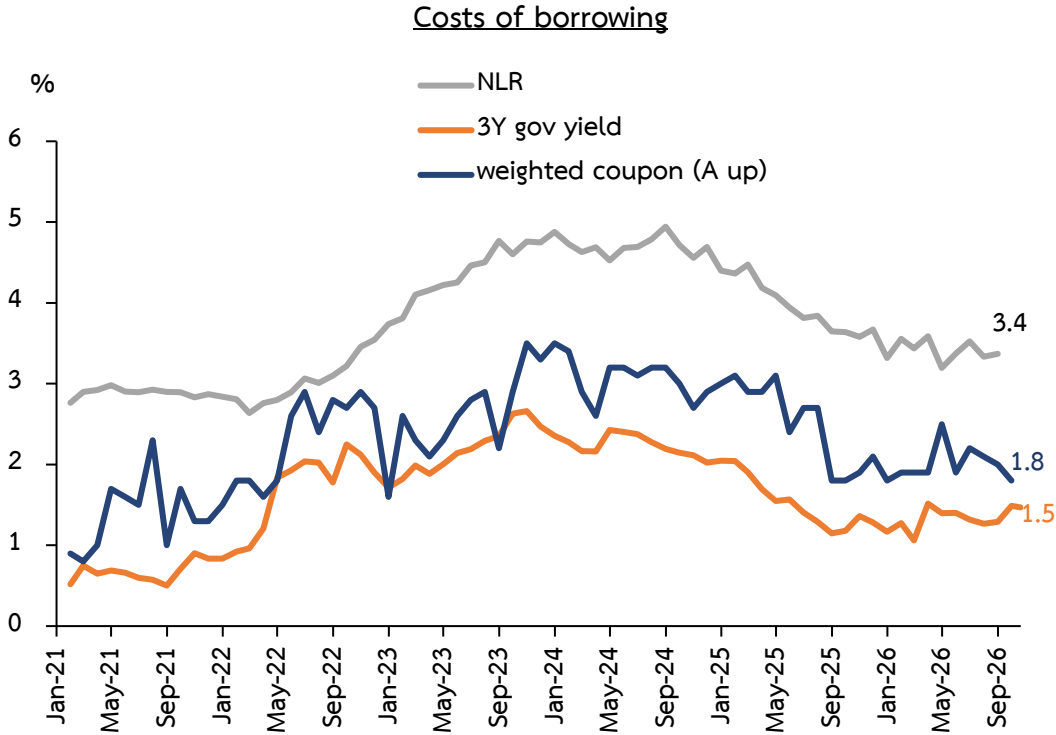
Government bond yields have somewhat risen, in line with global market developments,
but the pass-through to private sector financing costs has remained limited

Thai government bond yields have increased,
but by less than those in other economies



Source: Bloomberg, data as of 19 Oct 2026

Overall private sector borrowing costs have remained stable



Note: (1) Government bond yields as of 20 Oct 2026
(2) Weighted average coupon as of Sep 2026
(3) NLR data as of Aug 2026

Source: Bank of Thailand and ThaiBMA.

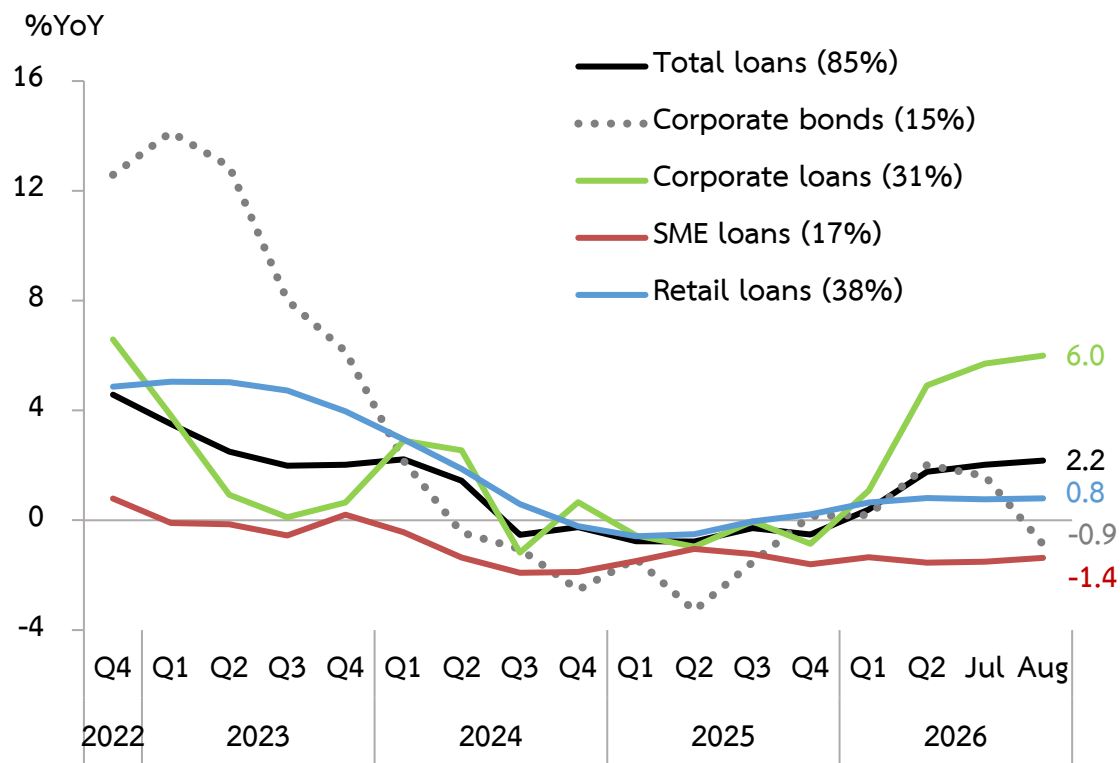


Large corporate lending continues to expand, while SMEs lending remains contracted

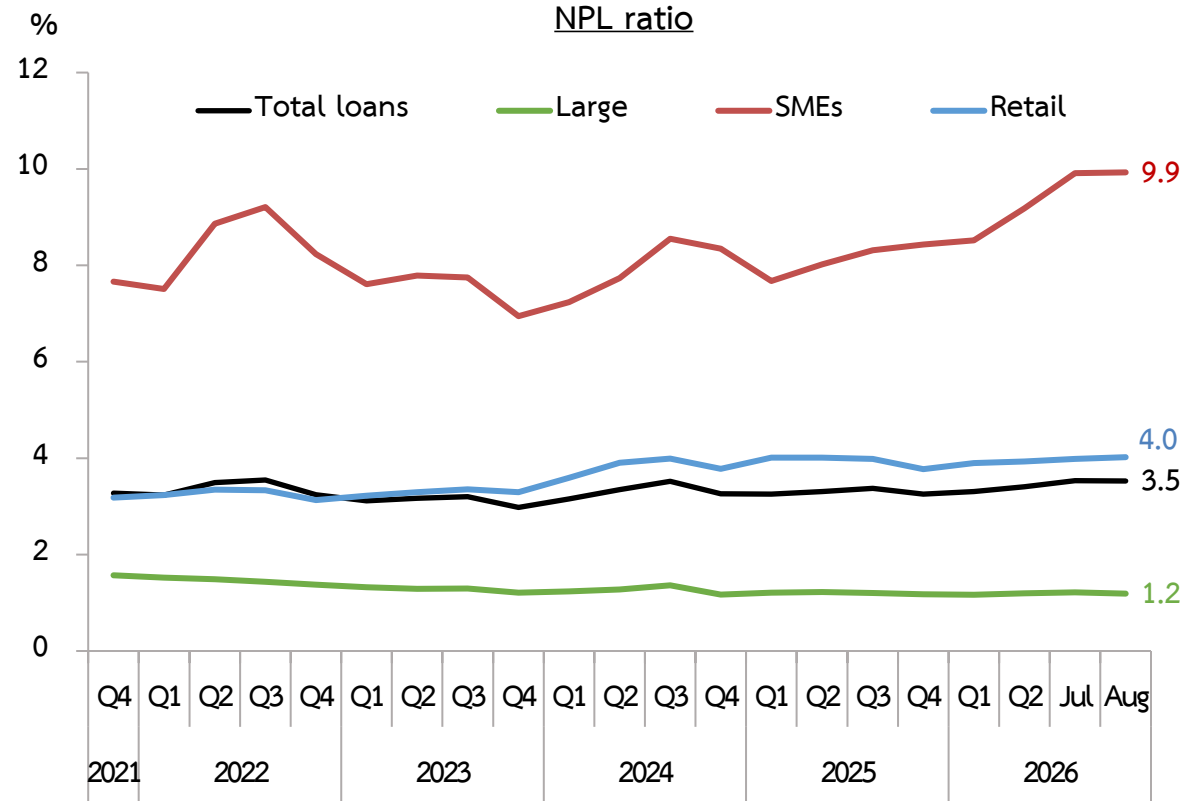
Overall credit growth is driven primarily by large corporates, whereas SME loans contract and retail loans record grow at a subdued pace

Although overall credit quality has remained stable, debt repayment ability of vulnerable groups warrant close monitoring, particularly among low-income earners and self-employed workers.

Private sector borrowing



NPL ratio



Note: (1) Credit data cover loans extended to private sectors 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.

(3) () denotes the share of outstanding of the private sector borrowing through the financial institution system and private debt securities.

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 inflation outlook and surrounding risks and the effects of low interest rates on long-term macro-financial stability 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



The Committee views that the current policy rate is appropriate to support economic recovery.

While inflation has temporarily increased due to supply-side factors, the Committee will continue to monitor the inflation outlook and surrounding risks, as well as the effects of low interest rates on long-term macro-financial stability.

Risks to monitor

1. Developments in the Middle East conflict and broader geopolitical tensions
2. Heightened inflation risks due to elevated oil prices and El Niño-related impact
3. Debt repayment ability of SMEs and vulnerable households
4. Effects of low interest rates on long-term macro-financial stability



Macroeconomic projection as of October 2026

Annual percentage change	2025*	2026	2027
GDP growth	2.4	2.4	2.1
Domestic demand	2.8	3.8	2.6
Private consumption	2.7	2.3	1.7
Private investment	3.5	13.0	7.6
Government consumption	0.6	0.8	0.2
Public investment	8.9	2.1	2.3
Exports of goods and services	9.3	15.8	10.4
Imports of goods and services	6.8	16.6	8.8
Current account (billions of U.S. dollar)	29.0	0.0	18.0
Value of merchandise exports (%YoY)	12.8	22.0	15.0
Value of merchandise imports (%YoY)	13.4	33.0	10.0
Number of foreign tourists (million persons)	33.0	32.0	34.5
Tourism receipt (trillion baht)	1.4	1.5	1.6
Dubai crude oil price (U.S. dollars per barrel)	69.4	93	76
Headline inflation	-0.1	2.1	1.3
Core inflation	0.8	1.2	1.3

Notes: * Outturns

Source: NESDC; estimates by the Bank of Thailand based on historical GDP figures, which have not incorporated the latest Manufacturing Production Index (MPI) revision.



MPI revision adds uncertainty to economic projection

The latest MPI revision primarily reflected changes in the electronics sector

The Office of Industrial Economics (OIE) has revised and released the updated MPI series by expanding its coverage along two dimensions:

- (1) Expanding factory coverage for two existing product categories, including integrated circuits (ICs) and other electronic components; and
- (2) Adding three new product categories, namely notebook/laptop, optical transceiver, and uninterruptible power supply (UPS) for data processing equipment.