



Notification of the Monetary Policy Committee

No. 1/2569

Re: The Monetary Policy Target for 2026

1. Rationale

On December 30, 2025, the Cabinet approved the monetary policy target for the year 2026, which was mutually agreed upon by the Monetary Policy Committee (MPC) and the Minister of Finance, in accordance with Section 28/8 of the Bank of Thailand Act B.E. 2485 (1942) as amended by the Bank of Thailand Act (No. 4), B.E. 2551 (2008)

2. Statutory power

By virtue of Section 28/8 of the Bank of Thailand Act B.E. 2485 (1942) as amended by the Bank of Thailand Act (No. 4), B.E. 2551 (2008), the MPC issues this notification to be published in the Government Gazette.

3. Content

The Minister of Finance and the Governor of the Bank of Thailand, as Chairman of the MPC, had mutually agreed upon the following:

3.1 Mutual agreement on setting the monetary policy target

The Minister of Finance and the MPC mutually agreed to set **the monetary policy target range for headline inflation over the medium-term horizon at 1.0 – 3.0 percent**. For 2026, the target is to accommodate headline inflation's gradual return to the medium-term target, as well as to prevent deflation, i.e., persistent negative inflation resulting from broad-based declines in prices of goods and services. **The 1.0 – 3.0 percent medium-term inflation target was deemed appropriate**, as it has effectively maintained price stability by anchoring medium-term inflation expectations. Additionally, this target range provides sufficient flexibility to accommodate inflation volatility from external and supply-side shocks.

3.2 Attainment of the medium-term objective of monetary policy

Under the flexible inflation targeting framework (FIT), monetary policy aims at maintaining price stability, supporting economic growth around its potential, and preserving financial stability. Achieving the medium-term monetary policy objective relies on anchoring inflation expectations among households and

businesses to ensure that inflation remains neither persistently too low nor too high as to undermine economic growth or financial stability.

Looking ahead, with multiple challenges pressuring the Thai economy, **the Ministry of Finance and the Bank of Thailand would coordinate fiscal and monetary policies to support sustainable economic growth in line with its potential and facilitate the return of inflation to target.** Monetary policy will aim to ensure macro-financial stability through a balanced and integrated policy framework, including appropriately setting the policy interest rate and utilizing financial measures to address debt issues and support new loans, thereby enhancing the transmission of monetary policy.

3.3 Mutual agreement on monitoring and reporting of the policy outcome

The Ministry of Finance and the Bank of Thailand would hold joint discussions on a regular basis or under necessary circumstances to ensure that monetary policy will efficiently achieve the objective of price stability and that fiscal and monetary policies are well-coordinated towards achieving sustainable economic growth.

The MPC would prepare a half-yearly monetary policy assessment report which included (1) recent monetary policy implementations, (2) monetary policy direction going forward, and (3) the economic outlook. In addition, the MPC would also publish the quarterly monetary policy report to help communicate and enrich the understanding regarding monetary policy decision-making to the general public, which would help enhance the transparency and effectiveness in conducting monetary policy going forward.

3.4 Mutual agreement regarding the issuance of an open letter by the MPC to the Minister of Finance should headline inflation move outside the target range

The MPC assessed that average headline inflation in 2026 would remain at a low level. The MPC would implement monetary policy to facilitate the gradual return of headline inflation to the medium-term target in 2027. Nevertheless, inflation in the period ahead remains highly uncertain due to both external and supply-side factors, such as global economic growth and global energy prices prospects, as well as uncertain structural changes — particularly intensified competition under the evolving global trade landscape, the trend of deglobalization, and the transition toward a green economy. Therefore, the MPC would closely monitor inflation developments,

risk factors, and assess the impact of structural factors on inflation dynamics going forward.

In the case that average headline inflation in the past 12 months or the average forecast for the next 12 months falls outside the target range, the MPC would issue an open letter to the Minister of Finance with details on (1) reasons for the breach of the target range, (2) monetary policy actions undertaken in the past and going forward to guide headline inflation back to its target range within an appropriate time period, and (3) when headline inflation returns to the target range. In addition, the MPC would issue an open letter to the Minister of Finance every six months should average headline inflation, according to the above criteria, remain outside the target range and would report the progress on any policy actions undertaken as deemed appropriate.

3.5 Mutual agreement on the revision of the monetary policy target

In case of necessary or fitting circumstances, the Minister of Finance and the MPC may, by the mutual agreement, revise the monetary policy target before proposing the new target to the Cabinet for approval.

Announced on January 5, 2026

Signature

Mr. Vitai Ratanakorn

Governor

Bank of Thailand

Chairman of the Monetary Policy Committee

Remark: This announcement is pending publication in the Government Gazette.