



## KEY HIGHLIGHT

- Thailand's economy expanded in the first quarter**, supported by both demand and supply side factors, reflecting favorable economic conditions prior to the escalation of the Middle East conflict. **In March, overall economic activity stabilized from the previous month.**
  - **Merchandise exports and manufacturing production continued to increase**, alongside an **expansion in government expenditure.**
  - **Early signs of economic impact from the Middle East conflict has begun to emerge.** **Tourist arrivals from the Middle East and Europe** have declined sharply, **exports to the Middle East and Europe contracted significantly**, and **fuel imports increased** as firms accelerated sourcing from alternative suppliers. **Private consumption also softened**, particularly in hotels and restaurants, despite some front-loaded spending on fuel amid concerns over rising prices.
- Headline inflation moved closer to zero from negative territory in the previous month**, driven mainly by energy prices. **Core inflation remained positive** and broadly unchanged, suggesting limited pass-through of cost pressures to consumer prices.
- Key issues to monitor:** (1) Middle East conflict developments, (2) the extent to which businesses and households can adapt, (3) government economic stimulus measures, and (4) potential shifts in U.S. trade policy.

### Economic Stability

Headline Inflation

**-0.08%**

Core Inflation

**0.57%**

from previous year

Current Account Balance

**0.6**

Billion USD



Private Consumption

**-0.8%**

from previous month



Private Investment

**-3.5%**

from previous month



Government Expenditure (excl. Transfer)

**4.8%**

from previous year



Export Value (excl. gold)

**3.3%**

from previous month



Import Value (excl. Gold)

**11.5%**

from previous month



Number of Tourist Arrivals

**-8.7%**

from previous month

**Thailand's economy in March remained broadly stable from the previous month.** Merchandise exports excluding gold increased, led by continued growth in the electronics sector. Some product groups also increased from temporary firm-specific factors. Manufacturing production rose, supported by higher sugar output and a rebound in petroleum production following the resumption of refinery operations. Government expenditure also expanded, led by both central government and state-owned enterprise spending. **However, spillovers from the Middle East conflict have started to emerge.** Foreign tourist arrivals declined sharply, particularly from the Middle East and Europe. However, tourism receipts increased, but only due to temporarily longer lengths of stay amid reduced flight services. Exports to the Middle East contracted significantly across all product groups. Private consumption softened, despite some front-loaded spending on fuel and consumer goods amid concerns over rising prices. The decline was driven mainly by lower spending on hotels and restaurants, in line with weaker service-sector activity due to fewer Thai and foreign tourists. Meanwhile, private investment has not yet been clearly impacted from the Middle East conflict, but moderated following earlier front-loaded expansion.

**On the economic stability front,** headline inflation rose close to zero from negative territory in the previous month, driven by higher energy price. Core inflation remained positive and broadly unchanged, suggesting limited pass-through of cost pressures to consumer prices, despite increases in cleaning product prices and airfares. The current account surplus narrowed, reflecting a trade deficit due to accelerated imports, alongside a smaller surplus in services, income, and transfers. Meanwhile, overall labor market conditions improved.

# Thai Economic Conditions

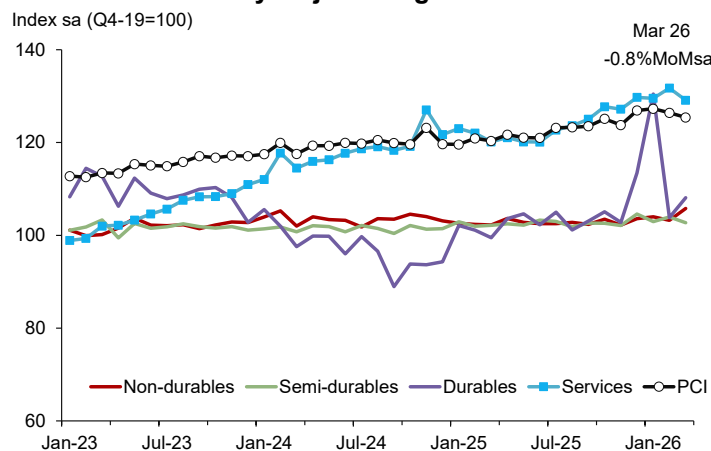


## Demand side indicators

### Private consumption

**Private consumption indicators, after seasonal adjustment, declined from the previous month.** The contraction was mainly driven by lower spending on **services**, particularly hotels and restaurants, in line with softer tourism activity. Consumption of **semi-durable goods** also decreased, following lower imports of textiles and apparel, as well as softer retail sales. In contrast, consumption of **non-durable goods** increased, supported by higher fuel and consumer goods purchases, partly due to front-loaded demand amid concerns over rising prices. Spending on **durable goods** also rose, in line with strong passenger car sales. Meanwhile, **consumer confidence** weakened, reflecting heightened concerns over spillovers from tensions in the Middle East, particularly through higher energy prices, which could exert upward pressure on production and transportation costs.

#### PCI by Major Categories

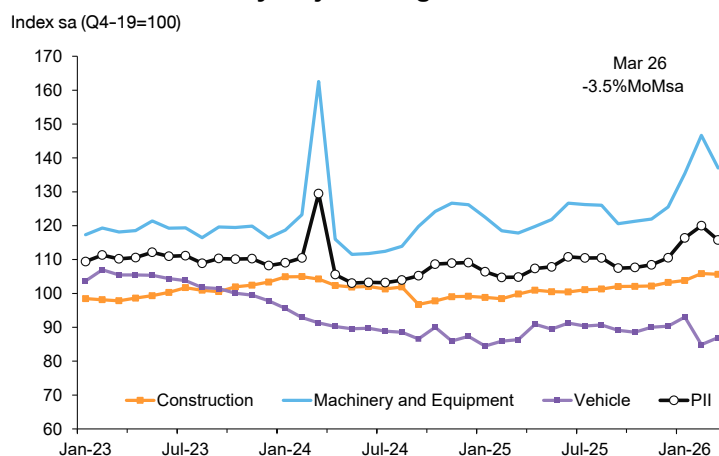


Note: PCI by category reflects domestic expenditures, including those by foreign tourists. However, the aggregate PCI excludes foreign tourist expenditures and includes Thai tourist expenditures abroad to accurately reflect Thai private consumption.  
Source: Bank of Thailand

### Private investment

**Private investment indicators, after seasonal adjustment, declined from the previous month,** driven mainly by weaker investment in **machinery and equipment**. This was in line with lower net imports of capital goods, particularly electrical equipment. This came despite an increase in domestic machinery sales, reflecting higher production of machinery and tools. **Construction** investment remained broadly stable. Residential construction was broadly unchanged, while non-residential construction declined slightly, particularly in commercial buildings. In contrast, investment in **vehicles** increased, supported by higher vehicle registrations, especially passenger cars, as well as increased ship imports by transportation businesses.

#### PII by Major Categories

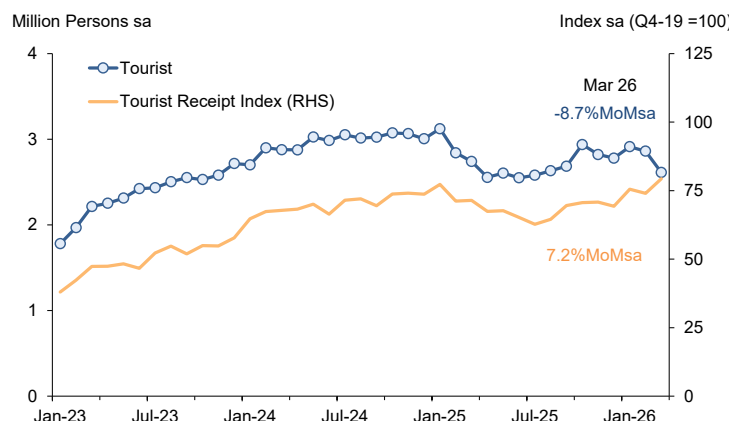


Note: Private Investment Indicators data for the first half of 2025 has been revised to reflect updated information and methodological refinements.  
Source: Bank of Thailand

### Foreign tourist arrivals and receipt

**The number of foreign tourist arrivals, after seasonal adjustment, declined from the previous month.** The decrease was pronounced among visitors from the Middle East and Europe, reflecting travel disruptions from the Middle East conflict that led to airspace closures and flight cancellations. Tourist arrivals from China also dropped after a surge during the Lunar New Year period, while Malaysian arrivals increased following the end of the Ramadan. Despite the decline in arrivals, **tourism receipts, after seasonal adjustment, increased,** driven by temporary longer average lengths of stay from reduced flights due to the Middle East conflict.

#### Number of Tourists and Tourism Receipt



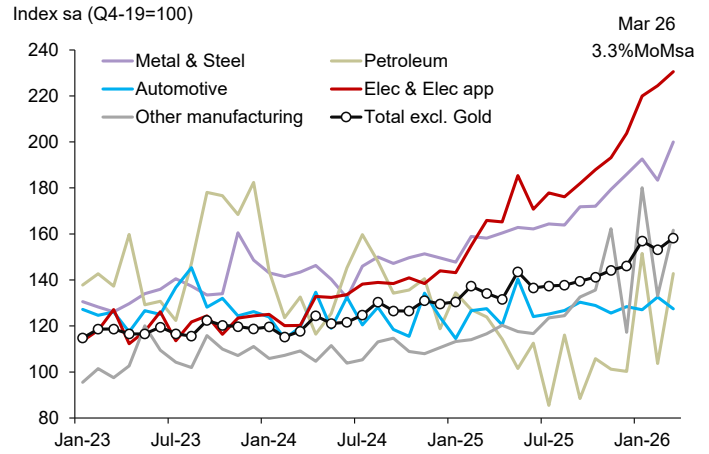
Note: Tourism receipt excludes health, education, excursionist and acquisition of goods and services by short-term workers and is subject to revision due to unstable seasonal adjustment  
Source: Ministry of Tourism and Sports, calculated by Bank of Thailand

# Export Value



The value of merchandise exports, excluding gold and after seasonal adjustment, increased from the previous month, driven mainly by (1) **electronics**, reflecting higher exports of technology products such as computers and printed circuit boards to the United States and Malaysia; (2) **petroleum products**, following increased shipments to ASEAN; (3) **iron and steel**, in line with higher exports of base metals to the United States as well as steel exports to the United States, Europe, and ASEAN; and (4) **gems and jewelry**, supported by stronger exports to India. However, exports of **automotive and auto parts** declined, reflecting lower exports of passenger cars and pickup trucks to the Middle East.

## Thai Export Classified by Products

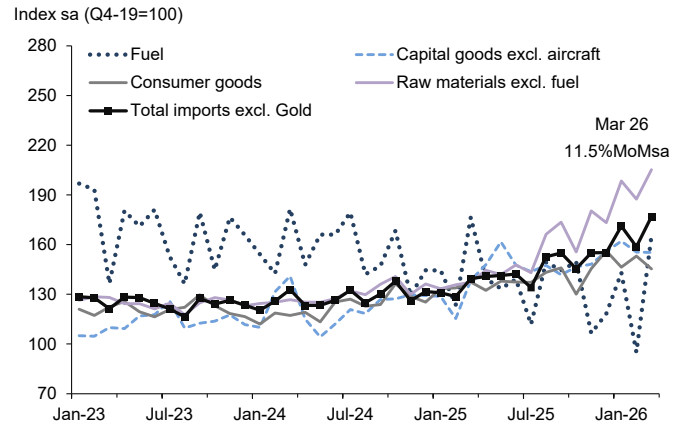


Source: Customs Department Ministry of Finance, calculated by Bank of Thailand

# Import Value

The value of merchandise imports excluding gold, after seasonal adjustment, increased from the previous month, driven mainly by higher imports of **raw materials and intermediate goods excluding fuel**, particularly electronic parts and electrical appliances from Taiwan, consistent with continued expansion in electronics exports. **Fuel** imports also increased, reflecting higher crude oil imports, both through direct shipments from the United Arab Emirates that were in transit prior to the conflict, as well as increased imports from alternative sources such as Malaysia and the United States. Imports of **capital goods excluding aircraft** remained broadly unchanged, as lower vehicle imports from ASEAN were offset by higher imports of machinery and equipment from China, Japan, and ASEAN. In contrast, imports of **consumer goods** declined, reflecting lower imports of furniture and furniture parts from China and Europe, as well as household electrical appliances from China.

## Import Value Index

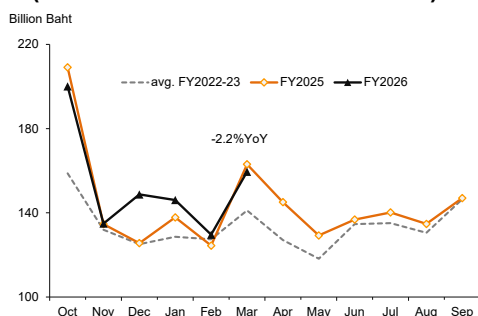


Note: Regrouping to include vehicle parts  
Source: Customs Department, Ministry of Finance

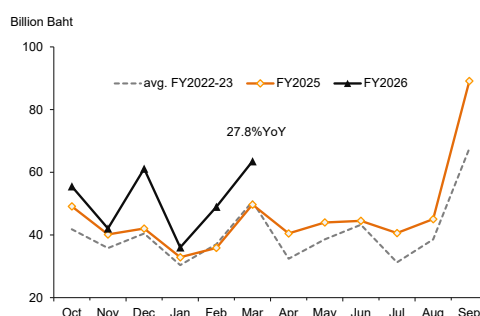
# Fiscal position and public expenditure

Government expenditure expanded from the same period last year, driven by higher capital expenditure from both the central government and state-owned enterprises (SOEs). Central government investment increased, reflecting higher disbursements by transportation agencies and rollover budget spending. State-owned enterprises (SOEs) capital expenditure also expanded, led by investments in public utilities and transportation infrastructure. However, central government current expenditure slightly contracted, following lower spending on goods and services.

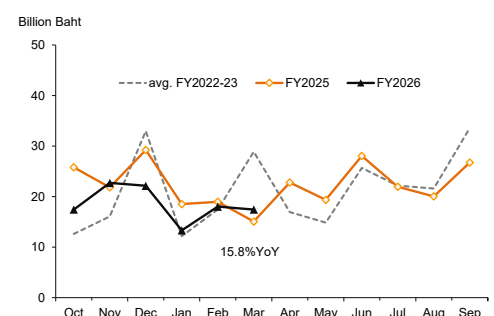
### Central Government Current Expenditure (Excl. Subsidies/Grants and other)



### Central Government Capital Expenditure (Excl. Subsidies/Grants and other)



### State Owned Enterprises Capital Expenditure



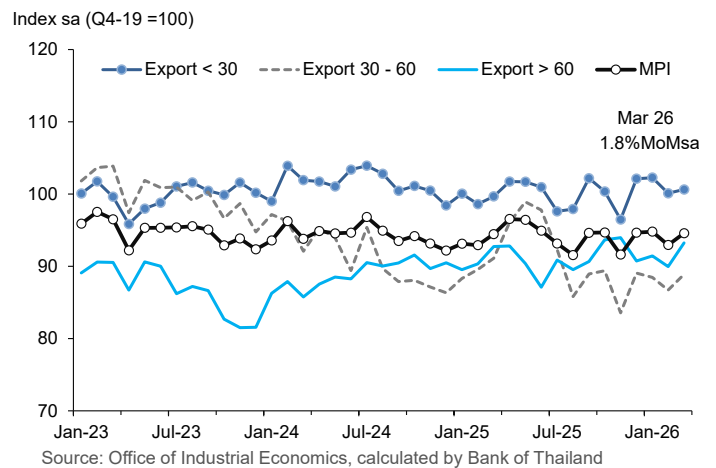
Note: \* Excluded expenditure from 1 trillion and 500 billion Baht Emergency Decree loans.  
Source: Comptroller General's Department, Fiscal Policy Office, GFMS-SOEs and Bank of Thailand



## Manufacturing sector

The manufacturing production index, after seasonal adjustment, increased from the previous month across all categories. Production among firms with export shares below 30 percent rose, driven by higher petroleum output following the resumption of refinery operations after maintenance shutdowns. Firms with export share between 30–60 percent also recorded higher production, led by automobiles, where this higher production of passenger cars and pickup trucks is in line with stronger vehicle sales. Production by firms with export shares exceeding 60 percent expanded as well, driven by higher sugar production following higher sugarcane crushing volumes from the previous month. However, production declined in some categories, including construction materials following inventory drawdowns, as well as rubber and plastics, partly reflecting tight input supply conditions and higher production costs due to spillovers from the conflict.

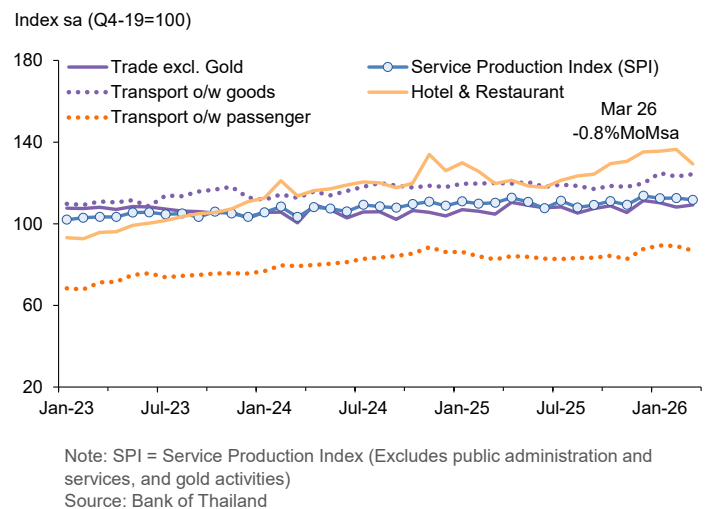
MPI Classified by Export Share



## Service sector

Service sector indicators, excluding gold trading and after seasonal adjustment, declined from the previous month, reflecting lower tourism-related activity, particularly in hotels and restaurants, as well as passenger transport services. The slowdown was driven by a decline in foreign tourists due to travel restrictions following the Middle East conflict and higher travel costs, alongside a moderation in Thai tourist numbers after earlier front-loading. However, trade activity strengthened, supported by higher agricultural output and sales of manufactured products, resulting in a corresponding increase in freight transport activity.

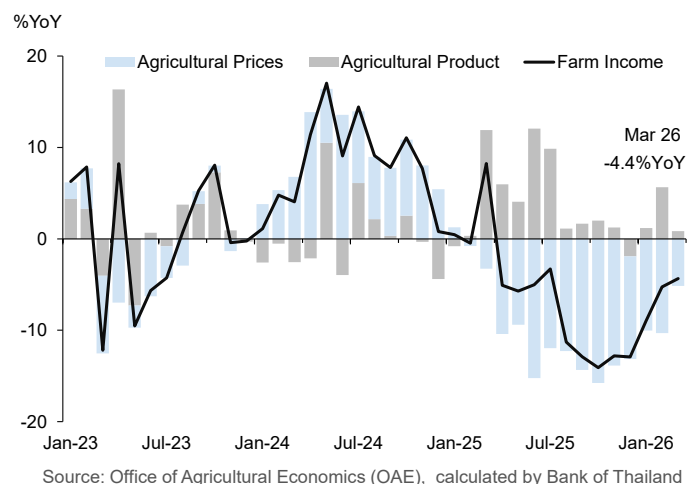
Service Production Index (SPI) by Sector



## Agricultural sector

Farmers' income contracted from the same period last year, mainly due to continued declines in agricultural prices, including pork, sugarcane, durian, and white rice, amid ample supply conditions. In agricultural output however, increased, supported by higher production of sugarcane, oil palm, and durian, due to favorable weather conditions, as well as delayed sugarcane harvesting that extended into early this year.

Nominal Farm Income



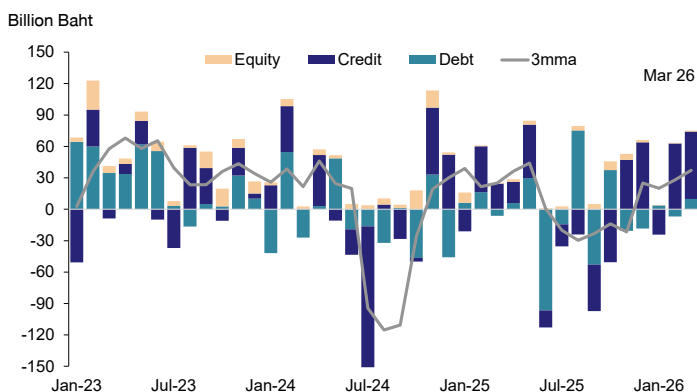
# Monetary Conditions and Economic Stability



## Corporate financing, interest rates and exchange rates

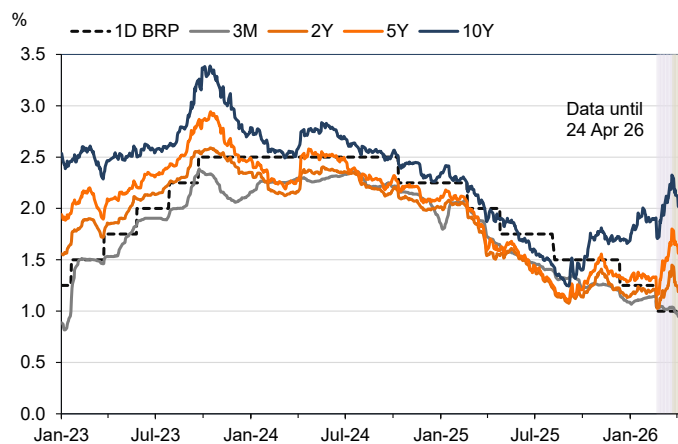
**Overall corporate financing** increased from the previous month, driven mainly by higher net credit financing. **Net credit financing** expanded, led by holding companies in the technology, energy, and chemicals sectors. **Debt financing** via the bond market also rose, particularly among energy-related businesses, while **equity financing** through the capital market increased slightly, mainly in the services sector. **Regarding the cost of debt financing**, average Thai government bond yields increased, especially at the long end, broadly in line with global bond yield movements. The rise reflected higher long-term global yields, following lowered market expectations of U.S. Federal Reserve policy easing amid renewed inflationary pressures from the Middle East conflict, as well as domestic fiscal concerns.

**Changes in Total Corporate Financing**



Note: Business credits : 1.) net changes in outstanding loans extended by other depository corporations, other financial corporations, non-residents and others; 2.) excluded the effect of FX valuation change 3.) there is an adjustment of Oct-24 datapoint for 3 financial institutions using BOT's new reporting system  
Debt : net changes in outstanding bonds (par value) excludes SOE and Rehabilitation bonds;  
Equity : new issuance at par value  
P = Preliminary Data  
Sources: Bank of Thailand, ThaiBMA, SET

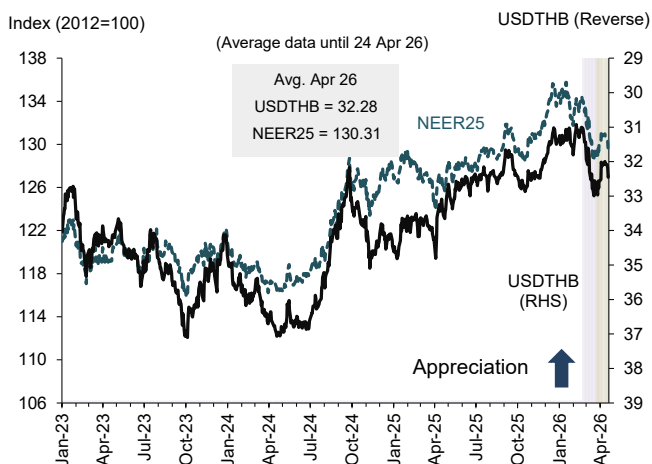
**Government Bond Yields**



Source: Bank of Thailand and ThaiBMA

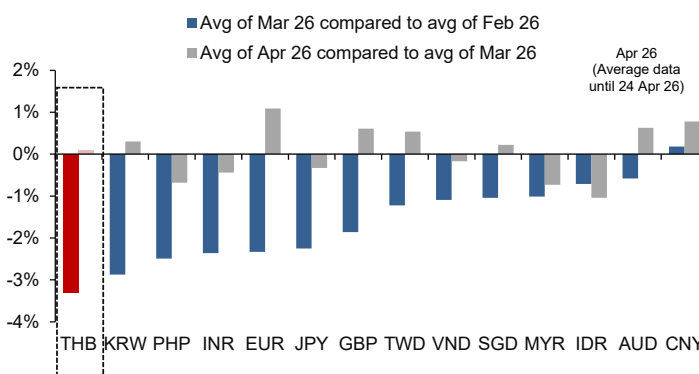
**The Thai baht depreciated against the U.S. dollar in March 2026**, reflecting broad U.S. dollar strength as markets scaled back expectations of Federal Reserve interest rate cuts amid heightened inflationary pressures from higher global energy prices. In April 2026 (data up to 24 April 2026), the Thai baht was broadly stable, following intermittent negotiations and ceasefires, together with a decline in global crude oil prices amid expectations that the Strait of Hormuz could reopen sooner than anticipated. **The Nominal Effective Exchange Rate (NEER)** depreciated on average in March 2026, more than regional peers, driven by concerns over Thailand's relatively high dependence on oil imports, with over half sourced from the Middle East. In April 2026, the NEER remained broadly stable.

**THB and NEER movements**



Note: Monthly average rate  
Source: Bloomberg, calculated by Bank of Thailand

**Exchange rate movements compared with peers**

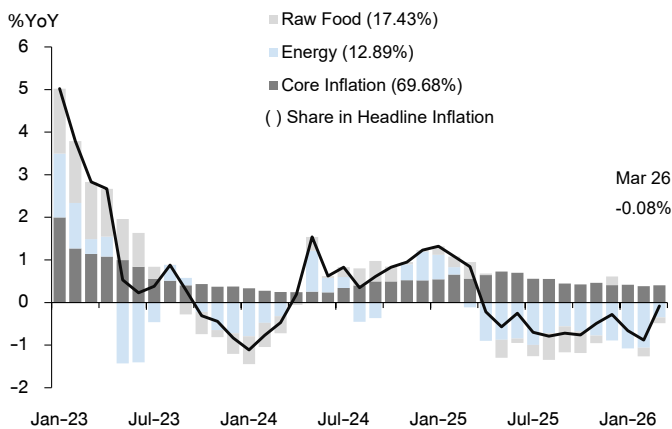


Note: Avg-period data, + = Appreciation against USD  
Source: Bloomberg, calculated by Bank of Thailand



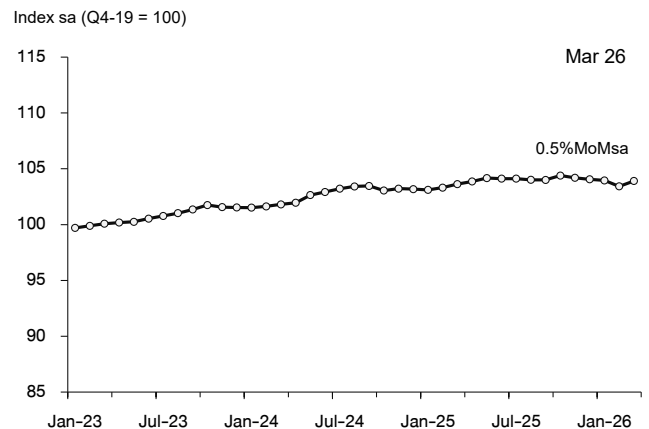
**Headline inflation rose to around zero from negative territory in the previous month**, mainly due to higher energy prices in line with global oil price trends, as well as increases in raw food prices, particularly eggs, chicken, and vegetables, due to lower supply. **Core inflation** remained positive and broadly stable, indicating limited pass-through of costs to consumer prices, despite some price increases in items such as cleaning products and airfares. The labor market improved from the previous month, as reflected in higher numbers of Section 33 insured employees. **The current account surplus narrowed**, driven by a trade deficit amid accelerated imports, alongside a smaller surplus in the services, income, and transfers balance, reflecting higher transportation costs and increased profit repatriation abroad.

### Headline inflation



Source: Ministry of Commerce, calculated by Bank of Thailand

### Total Contributors in Section 33



Note: Section 33 refers to employees who are not less than 15 years of age and not more than 60 years.  
 Source: Social Security Office, calculated by Bank of Thailand

### Balance of Payments

Billion USD	2025 <sup>P</sup>	2025 <sup>P</sup>				2026 <sup>P</sup>			
		Q1	Q2	Q3	Q4	Q1	Feb	Mar	YTD
Trade Balance	23.3	9.0	5.9	7.0	1.4	-0.3	0.6	-0.1	-0.3
Exports (f.o.b.)	335.1	80.7	84.1	86.2	84.0	95.1	29.3	34.7	95.1
%YoY	12.7	15.4	14.9	11.5	9.4	17.8	10.6	19.3	17.8
Imports (f.o.b.)	311.7	71.7	78.2	79.2	82.6	95.4	28.7	34.9	95.4
%YoY	13.0	6.2	15.8	12.2	17.5	33.1	31.7	37.2	33.1
Net Services, Income & Transfers	-7.4	3.0	-4.4	-4.2	-1.9	3.5	1.5	0.7	3.5
Current Account	15.9	12.1	1.5	2.7	-0.4	3.2	2.1	0.6	3.2
Capital and Financial Account	-11.7	-10.2	-0.4	-0.9	-0.2				
<b>Overall Balance</b>	<b>18.4</b>	<b>3.4</b>	<b>4.8</b>	<b>6.2</b>	<b>4.0</b>	<b>1.4</b>	<b>0.4</b>	<b>-1.2</b>	<b>1.4</b>

Note: P = Preliminary data, R = Revision  
 Source: Bank of Thailand

# Quarterly Review of the Thai Economy

First Quarter of 2026



**Thailand's economy in the first quarter expanded from the previous quarter**, supported by both demand and supply side factors. On the demand side, merchandise exports excluding gold continued to increase, led by technology-related products. Domestic demand also improved, as private consumption rose following front-loaded vehicle deliveries after the expiration of the EV 3.0 scheme, alongside accelerated fuel purchases towards the end of the quarter amid concerns over price increases. Private investment expanded, driven mainly by machinery and equipment, alongside an increase in government expenditure. On the supply side, manufacturing production increased, supported by higher petroleum output following major refinery maintenance in the previous quarter, as well as capacity expansion by large firms in the chemical industry. Services also expanded, led mainly by trade-related activities, in line with higher production and exports. **However, towards the end of the quarter, the economy began to be affected by the conflict in the Middle East**, reflected in a sharp decline in exports to the Middle East and weaker foreign tourist arrivals, particularly from the Middle East and Europe.

**On the economic stability front**, headline inflation remained negative and broadly unchanged from the previous quarter, mainly reflecting declines in electricity prices that stem largely from high base effects in the previous year. Raw food prices became less negative, led by higher rice prices. Meanwhile, core inflation remained positive and broadly unchanged from the previous quarter. **Towards the end of the quarter, while headline inflation began to be affected by rising energy prices**, cost pass-through to prices of goods and services in the core inflation basket remained limited. The current account recorded a surplus, driven mainly by a surplus in the services, income, and transfers balance. Meanwhile, labor market conditions weakened from the previous quarter.

Bank of Thailand  
30 April 2026

**For further information**, please contact: Macroeconomic Unit  
**Tel.** +66 (0) 2283 5639, +66 (0) 2283 5647  
**E-mail:** macroeconomic-epd@bot.or.th