



KEY HIGHLIGHT

- **The Thai economy in May remained broadly stable compared to the previous month.**
 - **On the external front, tourism receipts and foreign tourist arrivals overall increased**, supported by a recovery in long-haul markets and an increase in tourist arrivals from China and Malaysia due to their long holiday period. However, other short-haul tourists declined due to weaker demand and reduced flights. **Merchandise exports** excluding gold decreased, mainly due to lower exports of electronics and jewelry following earlier acceleration in the previous period.
 - **Domestic demand improved slightly**, supported by increases in private consumption and private investment, particularly in the automotive sector. However, consumption and investment in other categories remained relatively stable.
 - **On the supply side**, Manufacturing production declined in line with merchandise exports, while the services sector remained broadly stable.
- **Headline inflation remained elevated but broadly stable.** Energy prices declined slightly, while **core inflation increased** marginally.
- **Key issues to monitor:** 1) The impact of elevated cost of living and production costs on households and businesses 2) geopolitical risks and U.S. trade policy, 3) the impact of government measures, and 4) El Niño developments

Economic Stability

Headline Inflation

2.79%

Core Inflation

0.92%

from previous year

Current Account Balance

-6.4

Billion USD



Private Consumption

0.6%

from previous month



Private Investment

1.2%

from previous month



Government Expenditure (excl. Transfer)

3.3%

from previous year



Export Value (excl. gold)

-0.6%

from previous month



Import Value (excl. Gold)

-3.5%

from previous month



Number of Tourist Arrivals

7.5%

from previous month

The Thai economy in May remained broadly stable compared to the previous month. Tourism receipts increased overall, in line with higher foreign tourist arrivals, as supported by a recovery in long-haul markets as well as increased arrivals from China and Malaysia due to their long holiday periods. However, arrivals from other short-haul markets declined due to weaker demand and reduced flight services amid elevated energy costs. Merchandise exports excluding gold declined, mainly due to lower exports in electronics and jewelry after having accelerated in the previous period. **Domestic demand improved slightly**, supported by higher private consumption and investment, particularly in the electric vehicle sales, partly reflecting a shift toward the electric vehicle usage amid elevated domestic fuel prices. However, consumption and investment in other categories remained broadly stable. Government expenditure expanded from the same period last year, driven by both current and capital expenditures of the central government. **On the supply side, economic activity remained broadly stable.** Manufacturing production declined in line with weaker merchandise exports, while the services sector remained broadly unchanged.

On the economic stability front, headline inflation remained elevated but stable from the previous month. The energy component declined slightly in line with global crude oil prices but remains high due to continued collections to improve the position of the Oil Fuel Fund. Raw food prices also declined, mainly due to lower prices of meat and eggs. Meanwhile, core inflation increased slightly, as businesses continue to gradually pass-through higher input costs to some product categories. However, there are limited signs of persistent price pressures and broad-based price increases. The current account deficit narrowed from the previous month, mainly due to a smaller trade deficit following lower energy imports. Overall labor market conditions remained stable.

Thai Economic Conditions

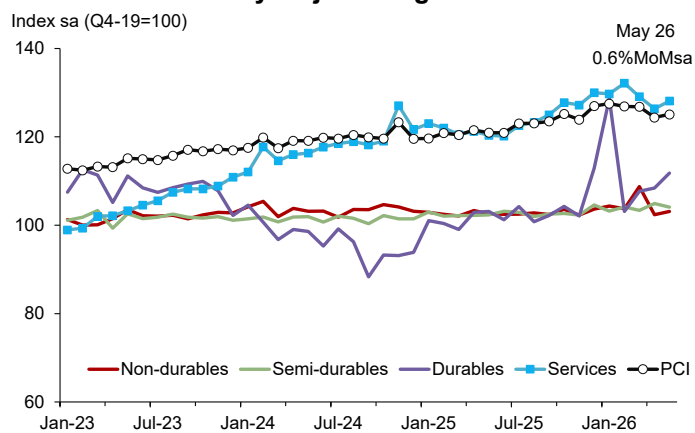


Demand Side Indicators

Private Consumption

Private consumption indicators, after seasonal adjustment, increased slightly from the previous month. This was driven by higher spending on **1) Durable goods**, particularly passenger cars, partly reflecting a shift in consumer preferences towards electric vehicles amid elevated fuel prices, and **2) Non-durable goods**, which increased slightly, as fuel consumption normalizes after previous panic-buy purchases observed at the beginning of the Middle East conflict. **Net services** remained broadly stable, consistent with domestic tourism activity. However, spending on **semi-durable goods** declined, reflected in lower imports of textiles and apparel. **Consumer confidence continued to decline**, driven by concerns over higher cost of living as well as uncertain income and employment prospects.

PCI by Major Categories

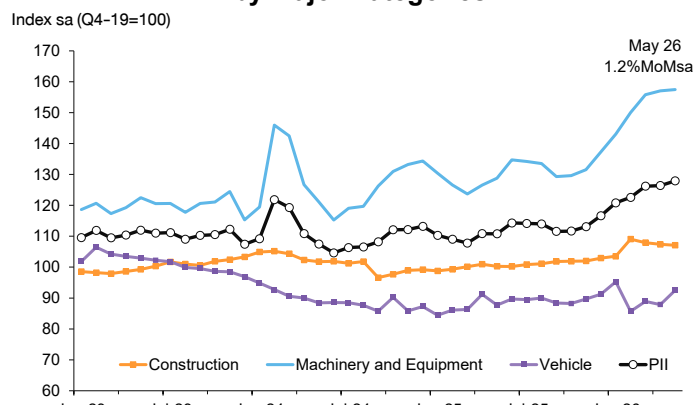


Note: PCI by category reflects domestic expenditures, including those by foreign tourists. However, the aggregate PCI excludes foreign tourist expenditures and includes Thai tourist expenditures abroad to accurately reflect Thai private consumption.
Source: Bank of Thailand

Private Investment

Private investment indicators, after seasonal adjustment, increased from the previous month, driven mainly by investment in the **vehicle category**. This was supported by higher passenger car registrations and imports of ships by transportation businesses. Meanwhile, investment in **machinery and equipment** remained broadly stable, as higher net imports of capital goods, particularly computers and office equipment, were offset by lower domestic machinery sales. **Construction** investment declined slightly, driven by lower construction of non-residential buildings, particularly commercial buildings. In contrast, residential construction increased, in line with higher permitted construction areas for houses and townhouses.

PII by Major Categories

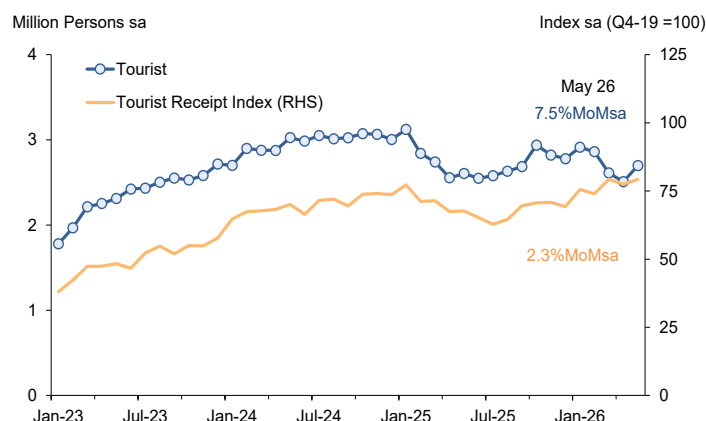


Note: Private Investment Indicators data for the first half of 2025 has been revised to reflect updated information and methodological refinements.
Source: Bank of Thailand

Foreign Tourist Arrivals and Receipts

Foreign tourist arrivals, after seasonal adjustment, increased from the previous month. This was driven by higher arrivals from long-haul markets as flight services resumed as the situation in the Middle East showed signs of improvement. Tourist arrivals from China and Malaysia also rebounded after a slowdown in the previous month. However, arrivals from other ASEAN countries continued to decline, partly due to flight cancellations by low-cost carriers amid higher energy costs. **Tourism receipts, after seasonal adjustment**, also increased in line with the rise in foreign tourist arrivals.

Number of Tourists and Tourism Receipts



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

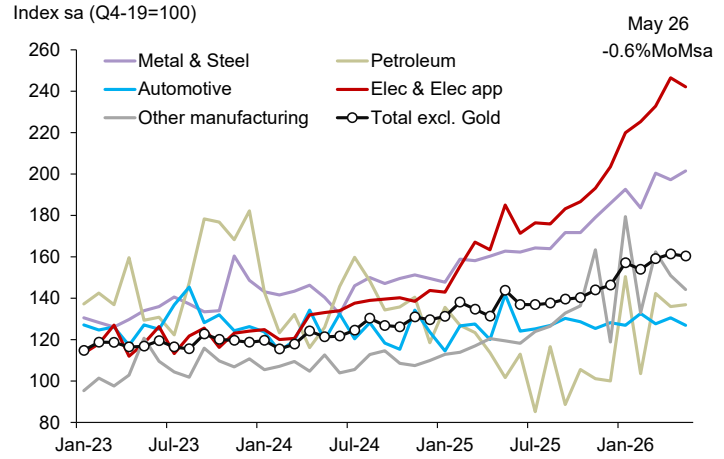
Export Value



The value of merchandise exports, excluding gold and after seasonal adjustment, declined slightly from the previous month due to lower exports in several categories:

- 1) Electronics**, from lower exports of hard disk drives to the United States and ASEAN, as well as telecommunications equipment to ASEAN, following earlier acceleration;
- 2) Jewelry**, from lower exports to the Middle East, Hong Kong, and India, partly due to import restrictions in India; and
- 3) Automotive and auto parts**, supported by lower exports of pickup trucks and passenger cars to Australia. However, exports of **chemicals and petrochemicals** increased, mainly due to higher prices of chemical and plastic products. Exports to the Middle East also increased slightly from the previous month.

Thai Export Classified by Products

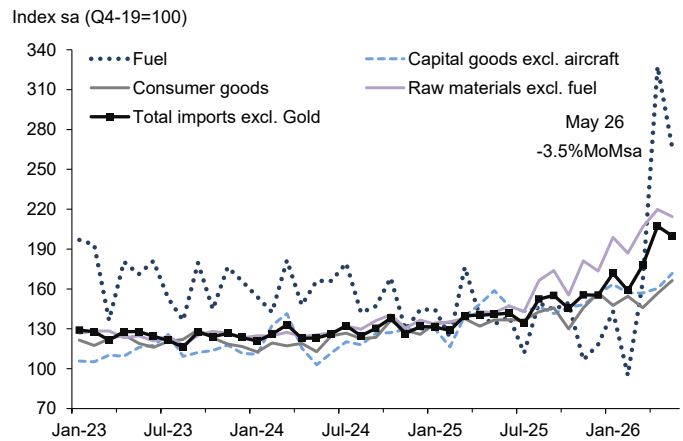


Source: Customs Department Ministry of Finance, calculated by Bank of Thailand

Import Value

The value of merchandise imports excluding gold, after seasonal adjustment, declined from the previous month, mainly due to lower imports of raw materials and intermediate goods excluding fuel following lower imports of electronic components and electrical appliances from Taiwan. Fuel imports also declined in volume terms, particularly crude oil imports from the Middle East, following earlier front-loaded imports and stockpiling. However, imports in some categories increased, including consumer goods, supported by higher imports of electric vehicles and household electrical appliances from China, as well as pharmaceuticals from the European Union. In addition, capital goods excluding aircraft also increased, reflecting higher imports of machinery and equipment from China.

Import Value Index

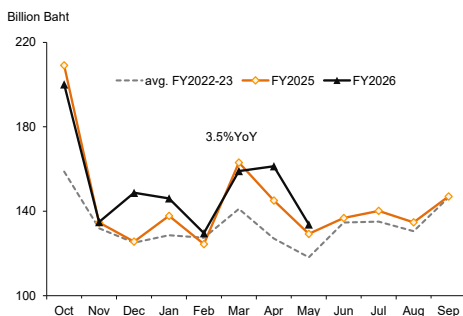


Note: Regrouping to include vehicle parts
Source: Customs Department, Ministry of Finance

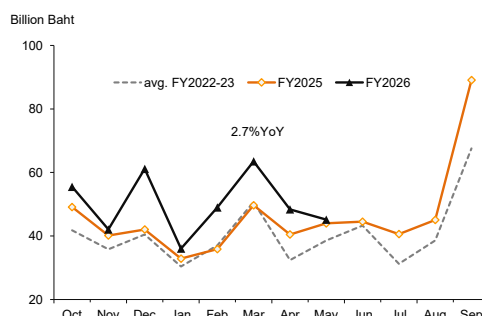
Public Expenditure

Government spending expanded compared to the same period last year, supported by increases in both current and capital expenditures of the central government. Central government current expenditure increased, driven by higher spending on personnel compensation, pensions, and healthcare. Central government capital expenditures also increased, following the disbursement of carry-over budgets, particularly for projects under the 2025 stimulus program. However, state-owned enterprises (SOEs) capital expenditure declined, mainly due to lower investment in public utility and transport infrastructure.

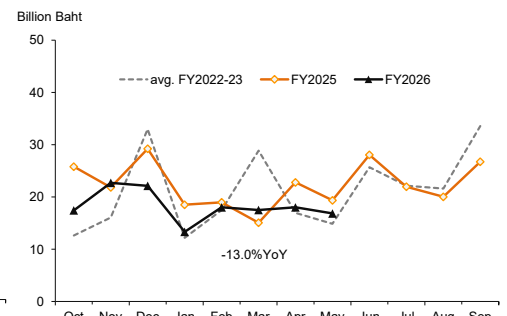
Central Government Current Expenditure (Excl. Subsidies/Grants and other)



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



State Owned Enterprises Capital Expenditure



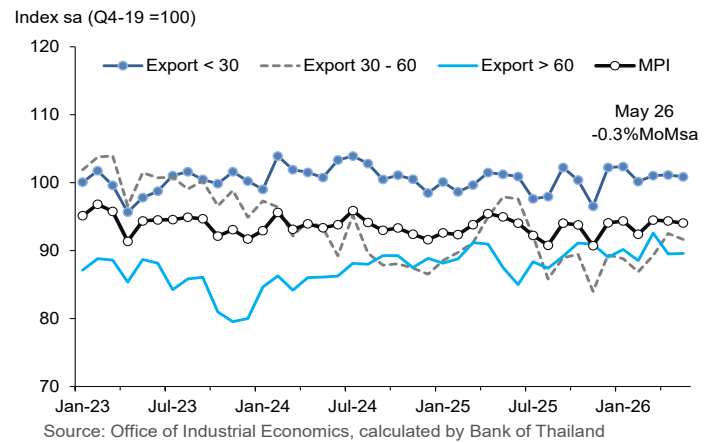
Note: * Excluded expenditure from 1 trillion and 500 billion Baht Emergency Decree loans.
Source: Comptroller General's Department, Fiscal Policy Office, GFMS-SOEs and Bank of Thailand

Supply Side Indicators

Manufacturing Sector

The manufacturing production index, after seasonal adjustment, declined slightly from the previous month. Production in firms with export shares of 30–60 percent decreased, mainly driven by lower automotive production, particularly pickup trucks, in line with softening external demand. Meanwhile, production in firms with export shares below 30 percent declined slightly, reflecting lower palm oil production due to reduced oil palm output, as well as lower beverage production in line with softening domestic demand. However, production in firms with export shares exceeding 60 percent remained stable, supported by increased production of electrical appliances, particularly air conditioners, which offset lower electronics production resulting from weaker external demand.

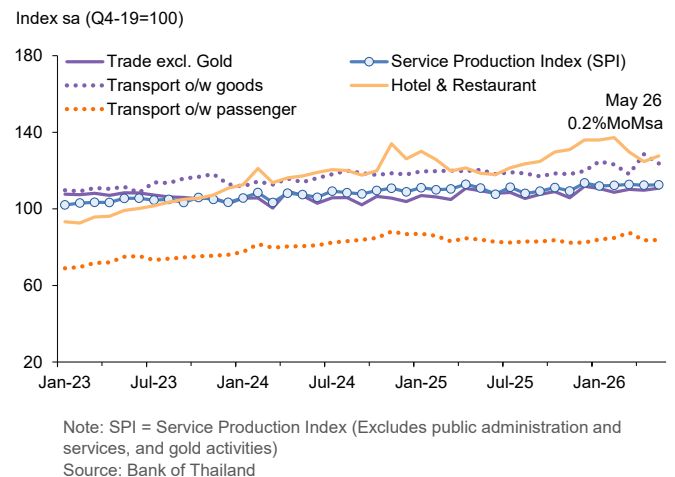
MPI Classified by Export Share



Service Sector

Service sector indicators, excluding gold trading after seasonal adjustment, remained broadly stable from the previous month. Trade activities increased, supported by higher vehicle sales. Tourism-related activities also improved, particularly in the hotel and restaurant sectors, in line with higher foreign tourist arrivals and receipts. Meanwhile, transport activity declined, reflecting lower freight transport in line with the decline in manufacturing production, while passenger transport remained broadly stable.

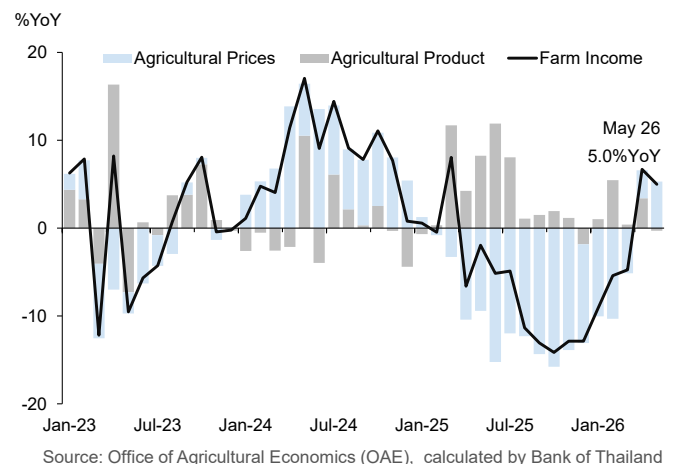
Service Production Index (SPI) by Sector



Agricultural Sector

Farmers' income increased from the same period last year, driven by continued growth in agricultural prices for the second consecutive month. This was mainly due to higher oil palm prices, in line with global prices amid increased demand for biodiesel production, as well as lower domestic output. Prices of rubber and rice also increased due to concerns over tighter supply conditions due to the impact of El Niño, while cassava prices rose as domestic production declined. Agricultural production contracted, mainly due to lower oil palm and cassava output following a high base in the previous year. In addition, rice production declined due to reduced cultivation, reflecting weaker planting incentives after rice prices remained low in the previous period.

Nominal Farm Income



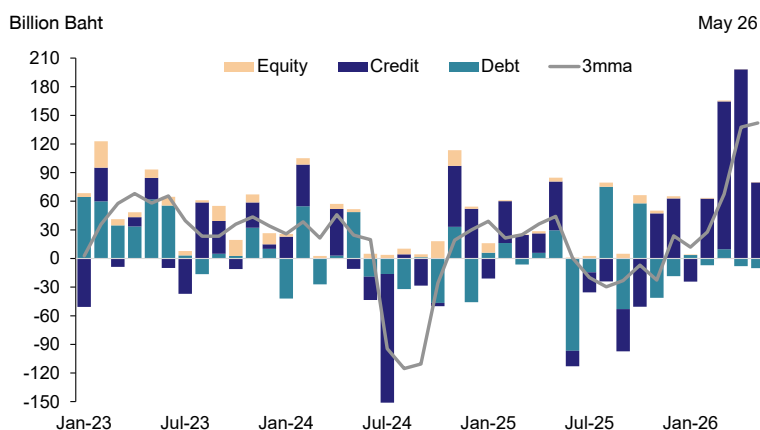
Monetary Conditions and Economic Stability



Corporate Financing, Interest Rates and Exchange Rates

Overall corporate financing increased from the previous month, mainly driven by higher net credit financing, particularly in the real estate, transportation, trade, and electronic manufacturing sectors. **Equity financing** also increased, led by businesses in food manufacturing and processing, as well as real estate and construction. Meanwhile, **debt financing** declined, mainly in the information and communication technology sector. As for the **cost of financing**, Thai government bond yields increased in May across both short- and long-term maturities, as negotiations between Iran and the United States remained uncertain. However, in June (data up to 25 June 2026), Thai government bond yields declined across both short- and long-term maturities, as investors assessed improvements in the Middle East situation following progress in ceasefire agreements.

Changes in Total Corporate Financing

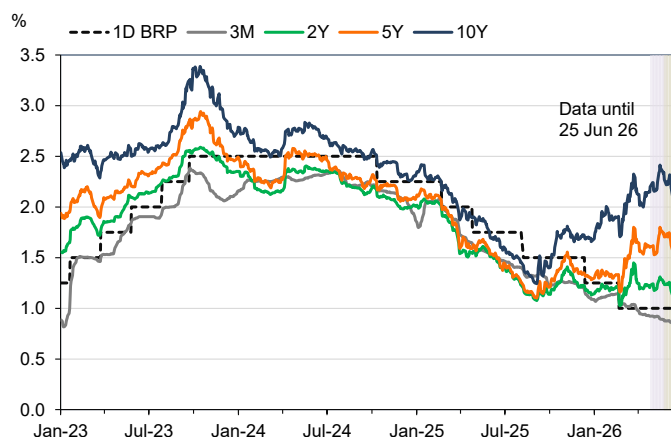


Note: Business credits : 1.) net changes in outstanding loans extended by other depository corporations, other financial corporations, non-residents and others;
2.) excluded the effect of FX valuation change
3.) there is an adjustment of Oct-24 datapoint for 3 financial institutions using BOT's new reporting system

Debt : net changes in outstanding bonds (par value) excludes SOE and Rehabilitation bonds;
Equity : new issuance at par value

Sources: Bank of Thailand, ThaiBMA, SET

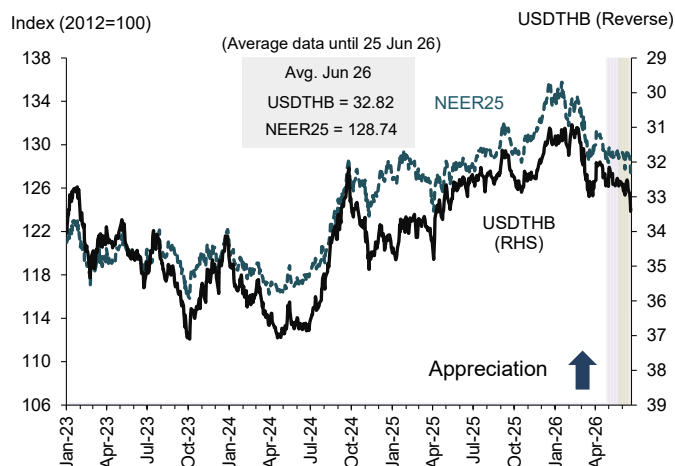
Government Bond Yields



Source: Bank of Thailand and ThaiBMA

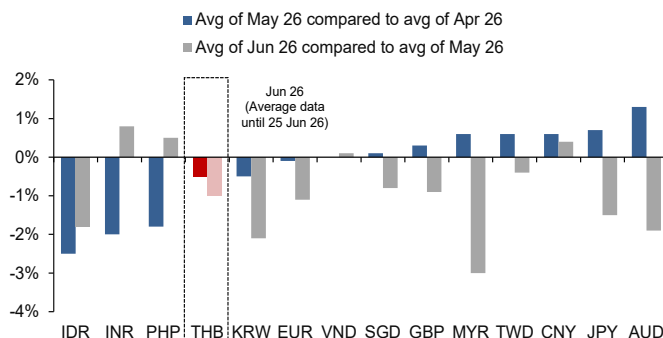
The Thai baht depreciated against the U.S. dollar on average in May and June 2026, mainly in line with the appreciation of the U.S. dollar. In May, the bath weakened amid a risk-off sentiment among investors due to continued uncertainties surrounding the Middle East conflict. In June, the baht depreciated further, in line with market expectations that the U.S. Federal Reserve would adopt a more hawkish monetary policy stance and potentially raise interest rates in the second half of the year. Meanwhile, **the nominal effective exchange rate (NEER)** declined slightly on average in both May and June 2026.

THB and NEER movements



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

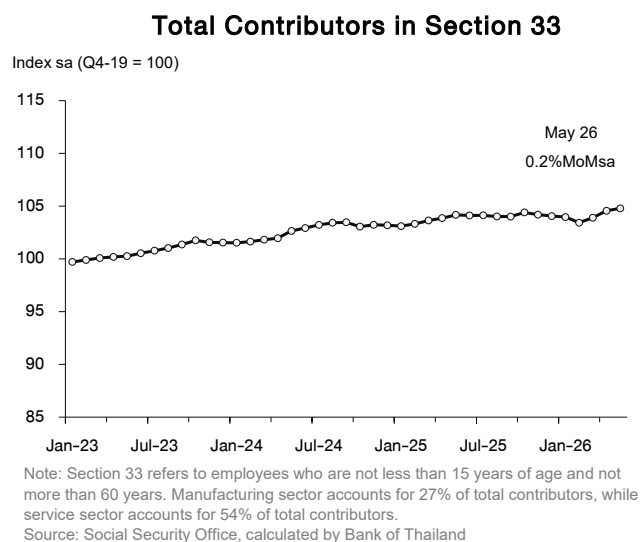
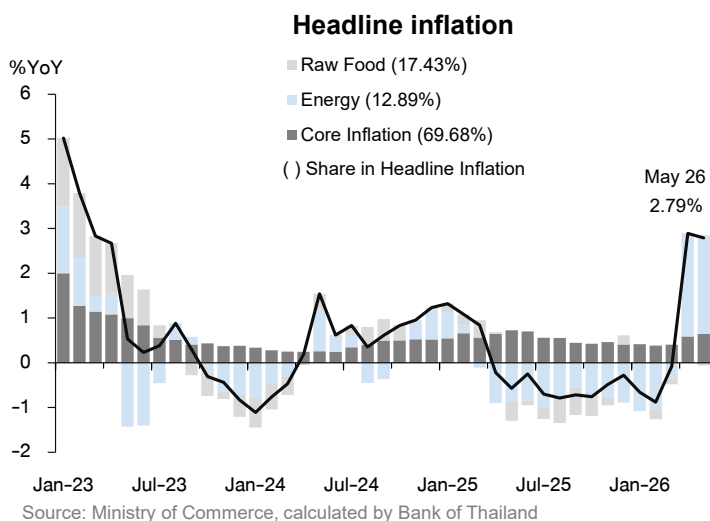
Exchange rate movements compared with peers



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



Headline inflation remained elevated and broadly stable from the previous month. The energy component declined slightly in line with global crude oil prices but remained high due to continued collections to improve the position of the Oil Fuel Fund. Raw food prices also declined, mainly due to lower prices of meat and eggs. Meanwhile, **core inflation** increased slightly, as businesses continue to gradually pass-through higher input costs to some product categories, particularly prepared food and household cleaning products. However, there are limited signs of broad-based price increases. **Labor market conditions** remained broadly stable from the previous month, reflected by a stable number of insured workers under Section 33. However, employment in some industries showed early signs of being affected by the conflict, particularly in the hotel and transportation sectors, where employment declined. In addition, data on factory openings and closures suggest that newly established factories are increasingly adopting machinery and automation, which could weigh on the labor market going forward. The **current account** deficit narrowed from the previous month, mainly due to a smaller trade deficit following lower energy imports. This is despite a widening in deficits in services, income, and transfers from the seasonal repatriation of profits and dividends.



Balance of Payments

Billion USD	2025 ^P	2025 ^P				2026 ^P			
		Q1	Q2	Q3	Q4	Q1	Apr	May	YTD
Trade Balance	24.8	9.3	6.1	7.5	1.9	-0.3	-6.8	-2.6	-9.7
Exports (f.o.b.)	335.3	80.9	84.3	86.2	84.0	95.1	30.9	33.8	159.7
%YoY	12.8	15.6	15.1	11.4	9.4	17.6	23.2	9.8	16.9
Imports (f.o.b.)	310.4	71.6	78.1	78.7	82.0	95.4	37.7	36.4	169.4
%YoY	12.5	6.1	15.7	11.5	16.7	33.2	44.0	34.5	35.8
Net Services, Income & Transfers	-7.4	3.0	-4.5	-4.3	-1.5	1.7	-1.0	-3.8	-3.1
Current Account	17.4	12.2	1.6	3.2	0.4	1.4	-7.8	-6.4	-12.8
Capital and Financial Account	13.8	10.3	1.3	1.6	0.6	2.4			
Overall Balance	18.4	3.4	4.8	6.2	4.0	1.4	2.3	-0.1	3.6

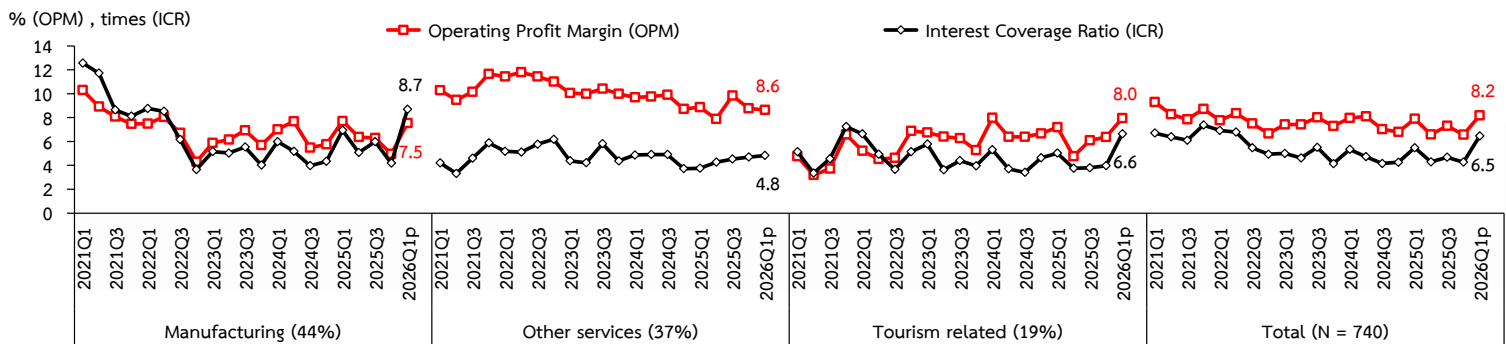
Note: P = Preliminary data
Source: Bank of Thailand

Stability and financial conditions of the corporate sector (Q1/2026)

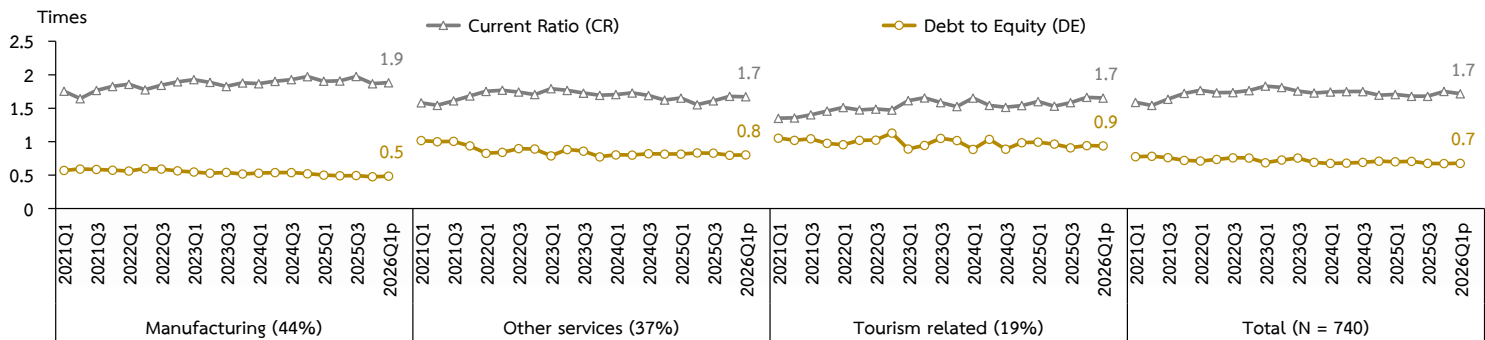


The overall performance of non-financial companies listed on the Stock Exchange of Thailand (SET) and the Market for Alternative Investment (mai) improved from the previous quarter across most sectors. The Operating Profit Margin (OPM) increased from 6.7 percent to 8.2 percent, as revenues outpaced costs in most business sectors. Although some businesses began to be affected by the conflict in the Middle East in the final month of the quarter, overall businesses were able to adapt and manage costs effectively, partly supported by sufficient inventories of raw materials. This was consistent with an improvement in **debt serviceability**, as reflected by a higher Interest Coverage Ratio (ICR), which increased to 6.5 times. Meanwhile, overall **liquidity and leverage** conditions remained broadly stable from the previous quarter, with the Current Ratio (CR) and the Debt-to-Equity ratio (DE) at 1.7 times and 0.7 times, respectively.

Operating Profit Margin and Interest Coverage Ratio by Sectors



Current Ratio and Debt to Equity by Sectors



Note: OPMt = EBIT/Revenue x 100 | ICRt = EBIT/Interest Expenditure | CRt = Current assets/Current liabilities | DEt = Liabilities/Equities. The solid line represents the value at p50.

Source: Stock Exchange of Thailand database (SETSMART), calculated by the Bank of Thailand.

Bank of Thailand
30 June 2026

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