ธนาคารแห่งประเทศไทย
BANK OF THAILAND

Press Release on the Economic and Monetary Conditions for June and Q2/2026

No. 29/2026

KEY HIGHLIGHT

- **The Thai economy in June remained broadly stable from the previous month.** Private consumption increased, supported in part by government measures and continued growth in electric vehicle sales. Merchandise exports and private investment also increased, driven mainly by technology-related products, although these activities relied heavily on imported inputs. Meanwhile, manufacturing production declined across several categories, while tourism-related services softened in line with lower foreign tourist arrivals.
- **In Q2/2026, the Thai economy slowed from the previous quarter**, in large part due to higher energy prices and travel disruptions related to the conflict in the Middle East. Tourism receipts, foreign tourist arrivals, and tourism-related services declined. Private consumption and manufacturing production also softened despite support from government measures toward the end of the quarter. Nevertheless, **the economy remained supported by the global electronics upcycle and data center investment**, which contributed to sustained growth in private investment and merchandise exports. Imports increased significantly, driven by higher imports of crude oil and electronic parts.
- **Headline inflation** in June declined from the previous month, mainly due to lower energy prices in line with global crude oil prices. Meanwhile, **core inflation increased,** reflecting the gradual pass-through of higher input costs to personal care products and prepared food.
- **Key issues to monitor:** (1) developments in the Middle East conflict and U.S. trade policy, (2) the recovery of the tourism sector, (3) the impact of elevated living and production costs on households and businesses, (4) the effectiveness of government support measures, and (5) El Niño developments.

Economic Stability

Headline Inflation	2.42%	
Core Inflation	1.23%	from previous year
Current Account Balance	-3.5	Billion USD

Private Consumption	1.1%	from previous month
Private Investment	0.5%	from previous month
Government Expenditure (excl. Transfer)	6.7%	from previous year
Export Value (excl. gold)	3.2%	from previous month
Import Value (excl. Gold)	-1.6%	from previous month
Number of Tourist Arrivals*	-13.1%	from previous month

*Preliminary data estimated from foreign tourist arrival statistics for the first 26 days of June by the Ministry of Tourism and Sports

The Thai economy in June remained broadly stable from the previous month. Domestic demand improved somewhat, as private consumption was supported by higher spending on consumer goods following government measures, while electric vehicle (EV) sales increased amid elevated fuel prices and growing consumer preferences for EVs. Private investment also increased slightly, led by machinery and equipment, consistent with higher merchandise exports of technology-related products supported by the global electronics cycle and data center investment. However, manufacturing production declined, mainly due to lower petroleum production following partial refinery maintenance shutdowns and lower production of non-electric vehicles. Tourism-related activities softened, as both tourism receipts and foreign tourist arrivals decreased, particularly from short-haul markets, due to weaker demand and reduced flight services amid elevated energy costs. As a result, service activities, especially in hotels and restaurants, softened. Meanwhile, government expenditure expanded from the same period last year, driven by both current and capital expenditures of the central government, although state-owned enterprises capital expenditure contracted.

On the economic stability front, headline inflation declined from the previous month, mainly due to lower energy prices in line with global crude oil prices. Core inflation continued to increase, reflecting gradual cost pass-through to personal care products and prepared food. The current account deficit narrowed from the previous month, driven by an improvement in services, income, and transfers following the end of the seasonal profit and dividend repatriation period, while the trade deficit remained broadly unchanged. Overall labor market conditions remained stable.

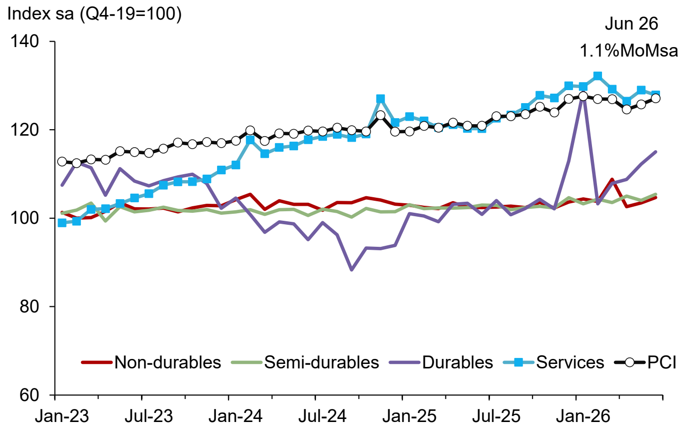
Thai Economic Conditions

Demand Side Indicators

Private Consumption

Private consumption indicators, after seasonal adjustment, increased from the previous month, driven by higher spending on: **1) non-durable goods**, reflecting higher consumer goods sales following government measures in June 2026, including the Thai Chuai Thai Plus and the State Welfare Card scheme, as well as fuel sales that have returned closer to normal levels after retail fuel prices declined; **2) durable goods**, in line with higher motorcycle registrations and passenger car sales, partly reflecting growing consumer preference for electric vehicles; and **3) semi-durable goods**, supported by higher imports of textiles and apparel. In contrast, spending on services declined, particularly on hotels and restaurants, consistent with weaker tourism activity. **Consumer confidence improved**, supported by government measures and easing concerns over the Middle East conflict.

PCI by Major Categories

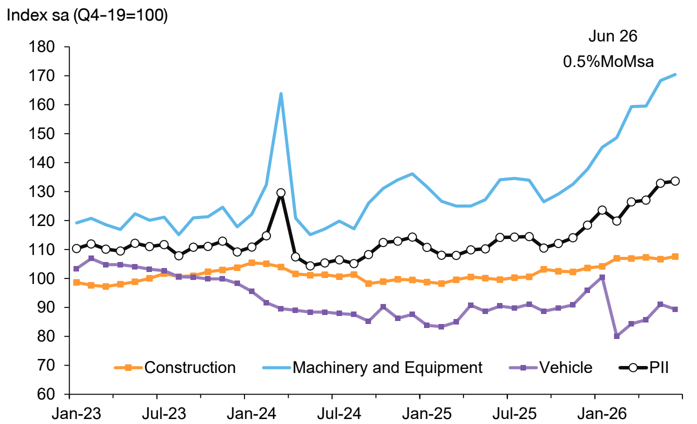


Note: PCI by category reflects domestic expenditures, including those by foreign tourists. However, the aggregate PCI excludes foreign tourist expenditures and includes Thai tourist expenditures abroad to accurately reflect Thai private consumption.
Source: Bank of Thailand

Private Investment

Private investment indicators, after seasonal adjustment, increased from the previous month. Investment in **machinery and equipment** expanded, supported by higher domestic machinery sales, particularly for electrical equipment, in line with improved investment by some export-oriented businesses benefiting from the global electronics cycle and data center investment. However, net imports of capital goods declined, mainly due to lower imports of general-purpose machinery. **Construction** investment also increased, driven by non-residential construction, particularly factories and commercial buildings. However, investment in the **vehicle category** declined, mainly due to lower imports of ships and drilling platforms following a pickup in the previous month, although car registrations and aircraft imports increased.

PII by Major Categories

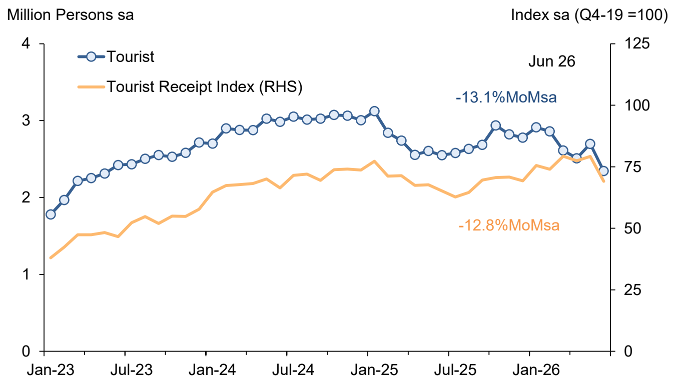


Note: Private Investment Indicators data for the first half of 2025 has been revised to reflect updated information and methodological refinements.
Source: Bank of Thailand

Foreign Tourist Arrivals and Receipts

The number of foreign tourist arrivals, after seasonal adjustment, declined from the previous month, particularly from several short-haul markets such as China, India, and South Korea, reflecting weaker demand and reduced flight services amid elevated energy costs. Tourist arrivals from Malaysia also declined after accelerating in the previous month due to an unusually long holiday period. **Tourism receipts, after seasonal adjustment,** also declined in line with lower foreign tourist arrivals.

Number of Tourists and Tourism Receipt

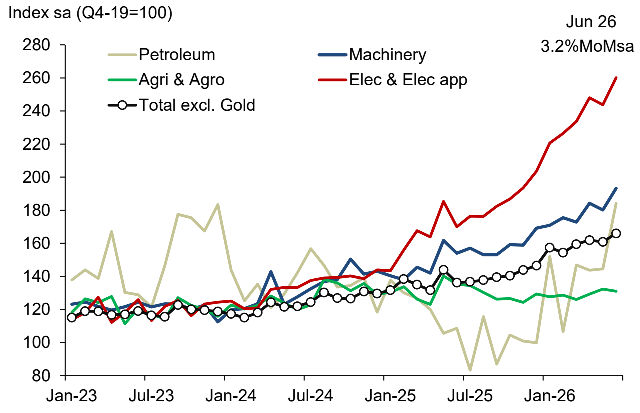


Note: Tourism receipt excludes health, education, excursionist and acquisition of goods and services by short-term workers and is subject to revision due to unstable seasonal adjustment
Source: Ministry of Tourism and Sports, calculated by Bank of Thailand

Export Value

The value of merchandise exports, excluding gold and after seasonal adjustment, increased from the previous month across the following key categories: **1) electronics**, driven by exports of telecommunications equipment to the U.S. and Singapore, as well as printed circuit boards and parts to China and Hong Kong; **2) petroleum products**, supported by exports to Malaysia and Vietnam in line with strong trading-partner demand and higher refined oil production in the preceding period; and **3) machinery and equipment**, led by exports to the U.S. and Norway. In contrast, **agricultural and agro-manufacturing products** declined, mainly due to lower durian exports to China. **Exports to the Middle East** increased following the gradual reopening of the Strait of Hormuz, although the conflict situation remains highly uncertain.

Thai Export Classified by Products

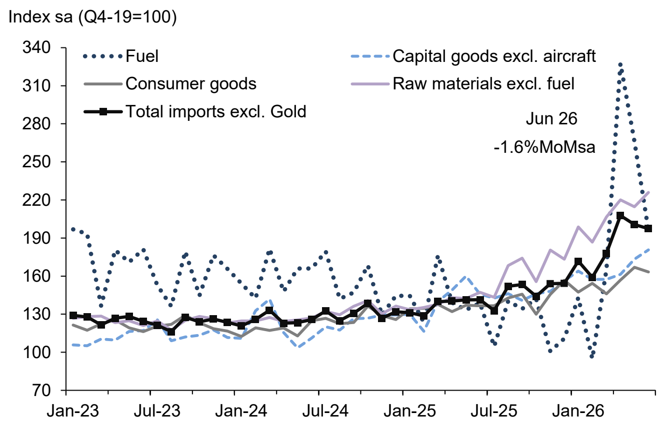


Source: Customs Department Ministry of Finance, calculated by Bank of Thailand

Import Value

The value of merchandise imports, excluding gold and after seasonal adjustment, decreased from the previous month, mainly due to lower **fuel** imports, particularly crude oil imports volumes from the Middle East and other sources, following accelerated imports in the previous period. Imports of **consumer goods** also declined, driven by lower imports of <u>non-durable goods</u> such as pharmaceuticals and medicines from Europe. Nevertheless, imports of <u>durable goods</u> increased, led by mobile phones and textiles from China and Vietnam, as well as electric vehicle imports from China. Meanwhile, **raw materials and intermediate goods excluding fuel** increased, particularly electronic parts and electrical appliances from China and Taiwan. Imports of **capital goods excluding aircraft** also increased, driven by machinery and equipment imports from China and Taiwan.

Import Value Index

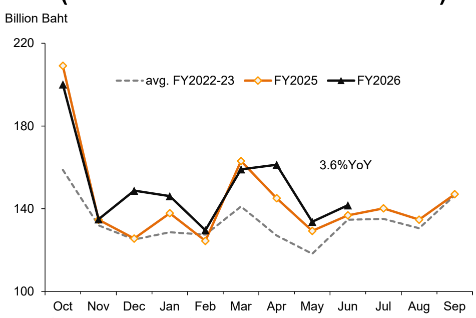


Source: Customs Department, Ministry of Finance

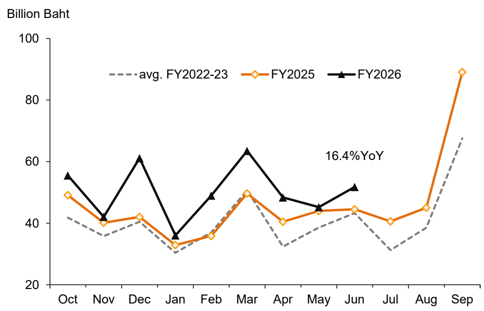
Public Expenditure

Government spending expanded from the same period last year, supported by increases in both central current and capital expenditures of the central government. Current expenditure increased following disbursements for pension payments, personnel compensation, and medical expenses. Capital expenditure also expanded driven by higher disbursements by security-related agencies and public utility infrastructure agencies, as well as continued execution of carry-over budgets, particularly projects under the FY2025 central budget for economic stimulus. In contrast, capital spending by state-owned enterprises declined, mainly due to lower investment in public utility and transport infrastructure projects.

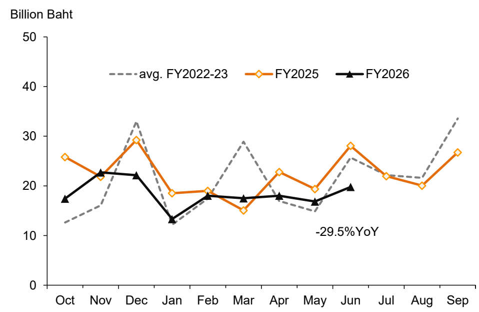
Central Government Current Expenditure (Excl. Subsidies/Grants and other)



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



State Owned Enterprises Capital Expenditure



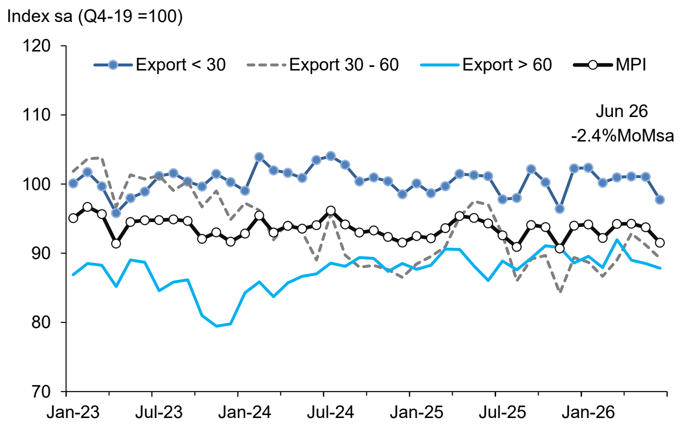
Note: * Excluded expenditure from 1 trillion and 500 billion Baht Emergency Decree loans.
Source: Comptroller General's Department, Fiscal Policy Office, GFMIS-SOEs and Bank of Thailand

Supply Side Indicators

Manufacturing Sector

The manufacturing production index, after seasonal adjustment, declined from the previous month. Production among firms with export shares below 30 percent decreased, mainly due to lower petroleum product output following partial refinery maintenance shutdowns. **Production among firms with export shares of 30-60 percent** also declined, driven by lower automobile production, particularly non-electric vehicles, in line with softer domestic demand. In addition, production of pickup trucks also declined as manufacturers drew down inventories to fulfill deliveries. **Production among firms with export shares exceeding 60 percent** also declined, led by electrical appliances, particularly air conditioners, consistent with lower exports. Nevertheless, alternative indicators, estimated from manufacturers' sales based on VAT filing data submitted to the Revenue Department, suggested that manufacturing activity increased, in line with higher electronic and machinery exports.

MPI Classified by Export Share

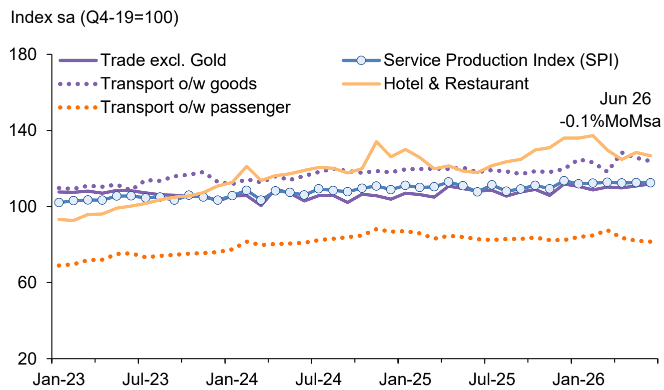


Source: Office of Industrial Economics, calculated by Bank of Thailand

Service Sector

Service sector indicators, excluding gold trading and after seasonal adjustment, remained broadly stable from the previous month. Tourism-related activities softened, particularly in passenger transportation, hotels, and restaurants, consistent with lower foreign tourist arrivals and tourism receipts. Nevertheless, trade-related activities improved, in line with higher spending on consumer goods, supported by government measures and higher electric vehicle sales.

Service Production Index (SPI) by Sector

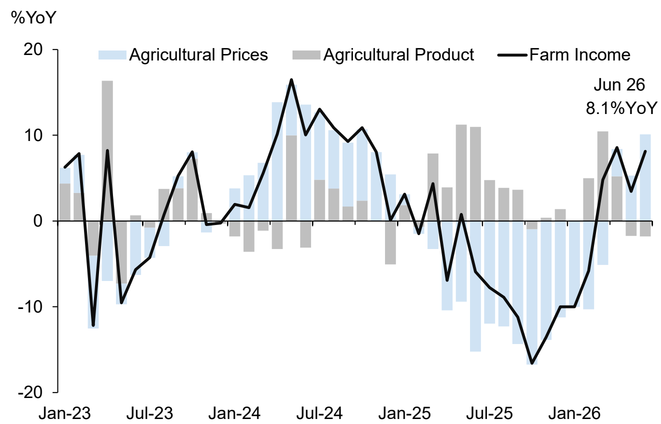


Note: SPI = Service Production Index (Excludes public administration and services, and gold activities)
Source: Bank of Thailand

Agricultural Sector

Farmers' income expanded from the same period last year, supported by continued increases in agricultural prices. In particular, rubber prices rose amid concerns over tighter supply conditions associated with El Niño, which could affect future output. Meanwhile, oil palm prices increased, reflecting stronger demand for biodiesel production and lower domestic oil palm output. The decline in output was attributable to dry weather and elevated temperatures earlier in the year, as well as a high base in the same period last year.

Nominal Farm Income



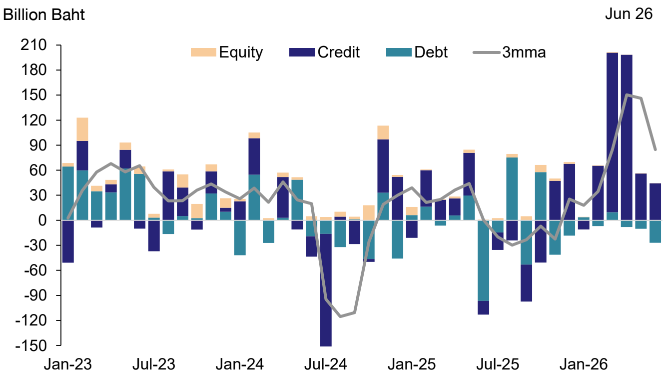
Source: Office of Agricultural Economics (OAE), calculated by Bank of Thailand

Monetary Conditions and Economic Stability

Corporate Financing, Interest Rates and Exchange Rates

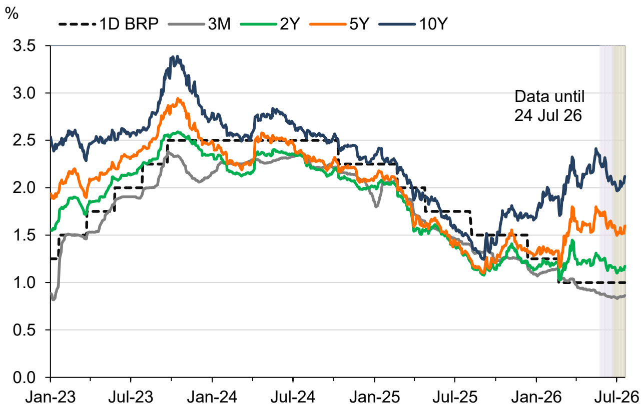
Overall corporate financing increased from the previous month, driven mainly by higher net credit financing. **Net credit financing** rose among holding companies in transportation, petrochemicals, and energy and electricity utilities. **Equity financing** through the capital market also increased slightly, led by software, retail, and machinery wholesale businesses. In contrast, **debt financing** through the bond market declined, particularly among businesses in finance, food and beverages, and information technology. Regarding **debt financing costs** in July 2026 (data up to 24 July 2026), short-term Thai government bond yields remained broadly stable, while long-term government bond yields increased slightly, in line with U.S. Treasury yields and those of major economies. The increase reflects higher global oil prices amid renewed concerns over tensions in the Middle East in early July.

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

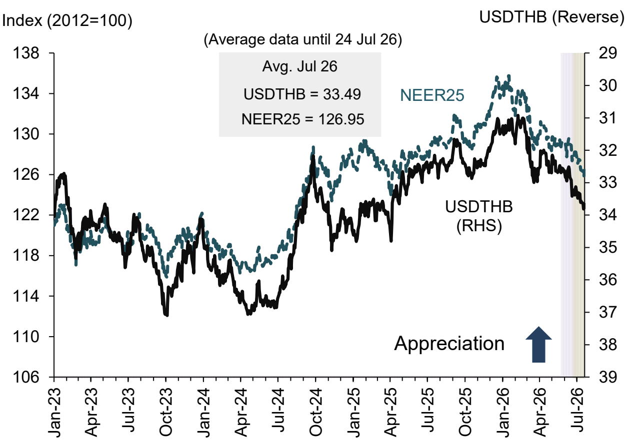
Government Bond Yields



Source: Bank of Thailand and ThaiBMA

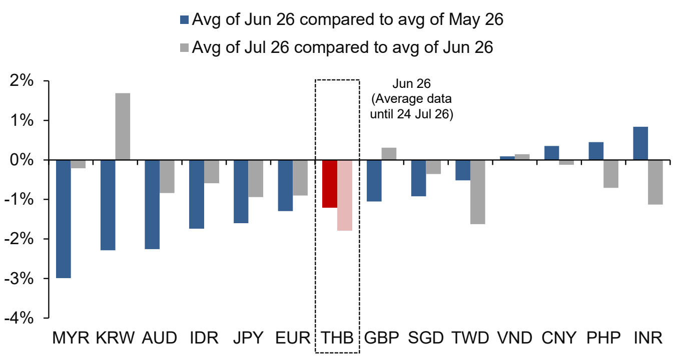
The Thai baht depreciated against the U.S. dollar in June and July 2026, mainly in line with the appreciation of the U.S. dollar. In June 2026, the baht weakened following the Federal Reserve's monetary policy statement, which signaled a hawkish monetary policy outlook and the possibility of further policy rate increases in the second half of the year. In July 2026 (data up to 24 July 2026), the baht continued to weaken amid heightened risk-off sentiment following renewed tensions in the Middle East. **The Nominal Effective Exchange Rate (NEER)** also declined slightly on average in June and July 2026, reflecting the baht's depreciation relative to Thailand's major trading-partners and competitor currencies. This movement was consistent with market concerns that higher oil prices could weigh on the Thai economy and the current account balance.

THB and NEER movements



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

Exchange rate movements compared with peers

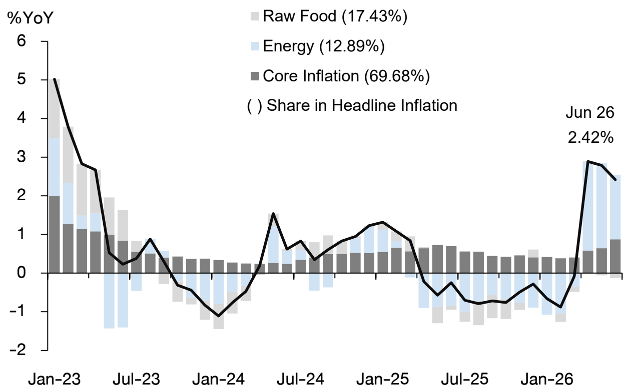


Note: Avg-period data, + = Appreciation against USD
Source: Bloomberg, calculated by Bank of Thailand

Economic Stability

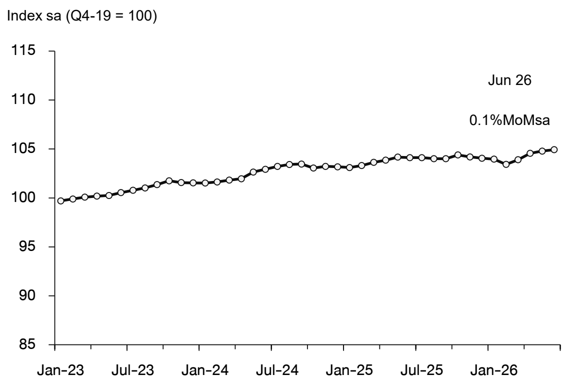
Headline inflation declined from the previous month, mainly due to lower energy prices in line with global crude oil prices. Fresh food prices also declined, primarily due to lower meat prices following improved supply conditions and lower vegetable prices owing to a high base in the same period last year. Meanwhile, **core inflation** increased, driving by price increases in several categories, particularly personal care products and prepared food, reflecting the gradual pass-through of business costs. On the **labor market**, overall employment remained broadly stable, as reflected by the number of Section 33 insured employees, which was little changed from the previous month. Nevertheless, employment in some manufacturing sectors warrants close monitoring, particularly those facing higher cost pressures as a result of the Middle East conflict and intensified competition from imported products. The **current account** deficit narrowed from the previous month, driven by an improvement in services, income, and transfers after the end of the profit and dividend repatriation period. Meanwhile, the trade deficit remained broadly unchanged. Although fuel imports gradually declined, this improvement was largely offset by higher gold imports following the sharp decline in global gold prices.

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	2025				2026				
		Q1	Q2	Q3	Q4	Q1	Q2	May	Jun	YTD
Trade Balance	24.8	9.3	6.1	7.5	1.9	-0.3	-12.1	-2.6	-2.7	-12.4
Exports (f.o.b.)	335.3	80.9	84.3	86.2	84.0	95.1	99.1	33.8	34.4	194.2
%YoY	12.8	15.6	15.1	11.4	9.4	17.6	17.6	9.8	21.1	17.6
Imports (f.o.b.)	310.4	71.6	78.1	78.7	82.0	95.4	111.2	36.4	37.1	206.6
%YoY	12.5	6.1	15.7	11.5	16.7	33.2	42.3	34.5	48.9	38.0
Net Services, Income & Transfers	-7.4	3.0	-4.5	-4.3	-1.5	1.7	-5.6	-3.8	-0.8	-3.9
Current Account	17.4	12.2	1.6	3.2	0.4	1.4	-17.7	-6.4	-3.5	-16.3
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	2.8	-0.1	0.6	4.1

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

Quarterly Review of the Thai Economy

Second Quarter of 2026

The Thai economy slowed in Q2/2026 from the previous quarter, reflecting the impact of higher energy prices and travel disruptions associated with the conflict in the Middle East. Nevertheless, the economy continued to receive support from the technology-related exports, in line with the global electronics upcycle, while government measures helped mitigate part of the adverse impact. The slowdown in economic activity was evident in weaker tourism activity. Foreign tourist arrivals declined, particularly from the Middle East, Europe, and several short-haul markets, reflecting weaker demand and reduced flight services amid elevated energy costs. Consequently, service-sector activity moderated, especially in hotels and restaurants. Private consumption also declined as higher living costs weighed on household spending, although government measures introduced in June provided some support. Consumption softened across most categories, particularly spending on hotels and restaurants. Spending on consumer goods and fuel consumption also declined following front-loaded purchases in the previous quarter, while electric vehicle sales edged down after the expiration of the EV 3.0 scheme.

On the supply side, manufacturing production declined. This was mainly due to lower petroleum production following partial refinery maintenance shutdowns, weaker chemical production from softer demand amid higher raw material costs, and lower electrical appliance production consistent with softer external demand. Nevertheless, merchandise exports and private investment continued to expand, supported by technology-related products, in line with the global electronics upcycle and demand for data center investment. Imports rose significantly, particularly fuel imports, reflecting crude oil imports for domestic stockpiling. Imports of raw materials also increased, especially electronic parts and electrical appliances, consistent with the expansion in technology-related exports. Meanwhile, public expenditure expanded from the same period last year, supported by increases in both current and capital expenditures of the central government.

On the economic stability front, headline inflation increased from the previous quarter, mainly due to higher energy prices in line with rising global crude oil prices. Core inflation also increased, driven primarily by prepared food prices, reflecting the pass-through of higher business costs. The current account registered a deficit, reflecting a trade deficit largely due to higher energy import values, together with a deficit in services, income, and transfers following the seasonal profit and dividend repatriation period in May. Overall labor market conditions improved slightly from the previous quarter. Nevertheless, employment in the manufacturing sector warrants close monitoring amid softer production activities from intense competitive pressures and rising production costs.

Bank of Thailand
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