ธนาคารแห่งประเทศไทย
BANK OF THAILAND

Press Release on the Economic and Monetary Conditions for July 2026

No. 34/2026

KEY HIGHLIGHT

- **The Thai economy in July expanded from the previous month**, supported by the ongoing global technology and artificial intelligence (AI) cycle, the easing of disruptions from the Middle East conflict, and government stimulus measures.
  - **Merchandise exports continued to expand**, driven primarily by electronics products. Meanwhile, **private investment softened** following strong growth in the previous period.
  - **Tourism receipts and foreign tourist** arrivals increased, mainly supported by the gradual recovery in flight capacity, particularly on long-haul routes.
  - **Private consumption increased**, driven by higher spending on services, supported by government measures and improved domestic tourism activity during the extended holiday period.
  - **Manufacturing and service activities improved,** in line with higher merchandise exports and tourism activity.
  - **Government expenditure expanded,** driven by higher disbursements by both the central government and state-owned enterprises.
- **Headline inflation declined,** mainly due to lower energy prices, while **core inflation increased** slightly, reflecting the gradual pass-through of higher costs to consumer prices.
- **Key issues to monitor:** (1) the sustainability of the global technology and artificial intelligence cycle, (2) developments in geopolitical conflicts and international trade protectionist policies, (3) the recovery of the tourism sector, (4) the impact of government measures, and (5) El Niño developments.

Economic Stability

Headline Inflation
1.95%

Core Inflation
1.34%
from previous year

Current Account Balance
-1.6
Billion USD

Private Consumption	Private Investment	Government Expenditure (excl. Transfer)
1.2% from previous month	**-0.3%** from previous month	**9.6%** from previous year

Export Value (excl. gold)	Import Value (excl. Gold)	Number of Tourist Arrivals*
2.3% from previous month	**-1.6%** from previous month	**7.6%** from previous month

The Thai economy in July expanded from the previous month, supported by the continued momentum of the global technology and artificial intelligence (AI) cycle. Merchandise exports increased further, particularly in the electronics category, contributing to improved manufacturing activity. Nevertheless, export growth continued to rely heavily on imported inputs. Private investment softened, mainly in the machinery and equipment category, following strong expansion in the previous period. Tourism-related activities continued to improve, with both tourism receipts and foreign tourist arrivals increasing, particularly from long-haul markets. The improvement was supported by the gradual recovery in flight capacity as the situation in the Middle East continued to ease, together with stronger travel demand during the summer school holiday. As a result, service activities, especially in the hotel and restaurants, expanded in line with improving tourism. Private consumption increased, driven by higher spending in services, particularly at restaurants, supported by government measures and improved domestic tourism during the extended holiday period. Government expenditure also expanded, reflecting higher disbursements by both the central government and state-owned enterprises.

On the economic stability front, headline inflation declined from the previous month, mainly due to a decrease in domestic retail oil prices, in line with lower global crude oil prices and reduced contributions to the Oil Fuel Fund. Meanwhile, core inflation increased slightly, reflecting the gradual pass-through of higher costs, particularly for prepared food and cooking ingredients. The current account deficit narrowed from the previous month, primarily due to a smaller trade deficit as imports of gold and fuel declined. Overall labor market conditions remained stable.

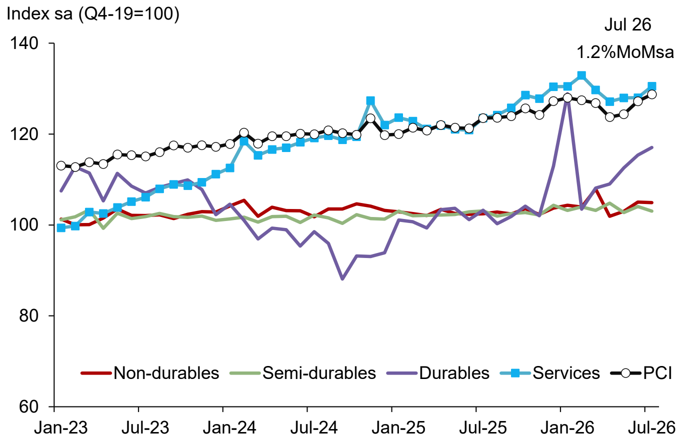
Thai Economic Conditions

Demand Side Indicators

Private Consumption

Private consumption indicators, after seasonal adjustment, increased from the previous month, driven by higher spending on **services**, particularly hotels and restaurants as well as passenger transportation. This was supported by government measures and stronger domestic tourism activity during the extended holiday period at the end of the month. Spending on **durable goods** also increased, reflecting higher sales of passenger cars and pickup trucks, despite lower motorcycle registrations. Meanwhile, spending on **nondurable goods** remained broadly stable, as higher fuel consumption and alcoholic beverage sales were offset by lower sales of consumer goods following strong growth in the previous month. In contrast, spending on **semi-durable goods** declined, reflected in lower imports of textiles and apparel. **Consumer confidence improved further,** supported by government measures and easing concerns over the Middle East conflict.

PCI by Major Categories

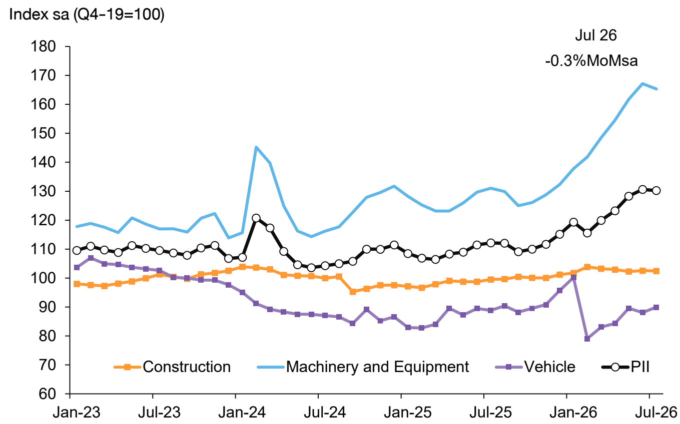


Note: PCI by category reflects domestic expenditures, including those by foreign tourists. However, the aggregate PCI excludes foreign tourist expenditures and includes Thai tourist expenditures abroad to accurately reflect Thai private consumption.
Source: Bank of Thailand

Private Investment

Private investment indicators, after seasonal adjustment, slightly decreased from the previous month, mainly due to lower investment in **machinery and equipment**, reflecting slower imports of capital goods, particularly telecommunications equipment, electrical equipment, and specialized machinery**.** Meanwhile, investment in **construction** remained broadly stable, as weaker residential construction, particularly apartments and dormitories, was offset by stable non-residential construction. Within non-residential construction, increased factory construction compensated for weaker commercial building activity. Investment in the **vehicle category** increased, driven by higher passenger car registrations. However, registrations of other vehicle types, as well as imports of aircraft and ships, declined from the previous month.

PII by Major Categories

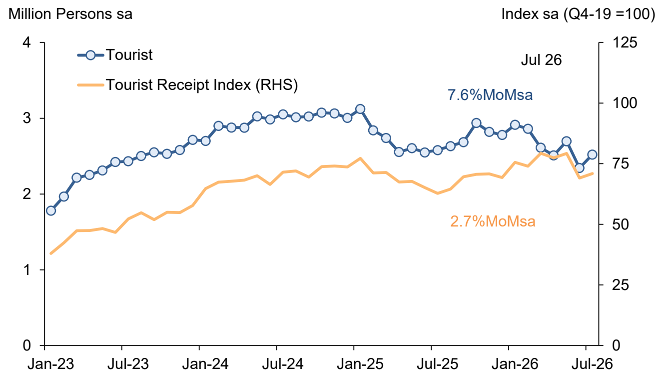


Note: Private Investment Indicators data for the first half of 2025 has been revised to reflect updated information and methodological refinements.
Source: Bank of Thailand

Foreign Tourist Arrivals and Receipts

The number of foreign tourist arrivals, after seasonal adjustment, increased from the previous month, particularly from long-haul markets such as Europe and the Middle East, as well as from China. This was supported by the gradual recovery in flight capacity following the easing of tensions in the Middle East, together with stronger travel demand during the summer school holiday period in many countries. Meanwhile, the recovery in tourist arrivals from short-haul markets excluding China remained gradual. **Tourism receipts, after seasonal adjustment,** also increased, in line with the rise in foreign tourist arrivals. However, spending per trip declined, reflecting a slightly shorter average length of stay, partly as travel patterns normalized following the easing of the conflict.

Number of Tourists and Tourism Receipt

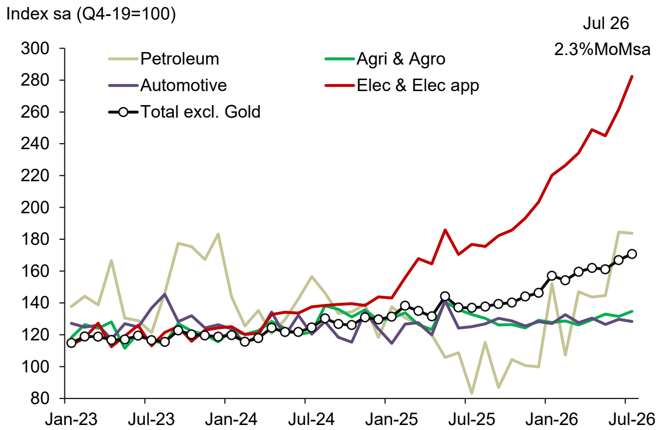


Note: Tourism receipt excludes health, education, excursionist and acquisition of goods and services by short-term workers and is subject to revision due to unstable seasonal adjustment
Source: Ministry of Tourism and Sports, calculated by Bank of Thailand

Export Value

The value of merchandise exports, excluding gold and after seasonal adjustment, increased from the previous month, driven mainly by **electronics and electrical appliances**. This was supported by higher exports of computer parts to the United States, as well as electronic integrated circuits and components to Hong Kong and China, in line with the continued momentum of global technology and artificial intelligence cycle. In addition, **agricultural exports** increased, driven by higher durian exports to China. In contrast, **automotive exports** declined, reflecting lower exports of pickup trucks to the Middle East and ASEAN.

Thai Export Classified by Products

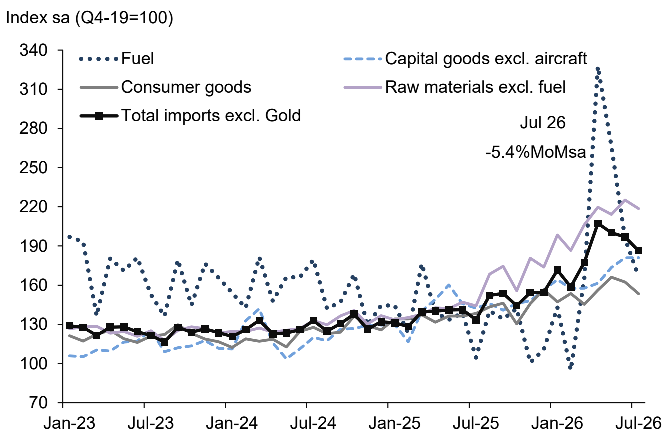


Source: Customs Department Ministry of Finance, calculated by Bank of Thailand

Import Value

The value of merchandise imports, excluding gold and after seasonal adjustment, declined from the previous month, driven by lower **fuel** imports, reflecting declines in both prices and import volumes. Imports of **raw materials and intermediate goods** decreased, mainly due to lower imports of chemicals. However, imports of electronic components continued to increase, in line with stronger export performance and investment activity. **Consumer goods imports** declined, reflecting lower imports of passenger cars from China, despite remaining at a high level. Meanwhile, imports of **capital goods excluding aircraft**, were broadly stable as higher imports of computers from China were offset by lower imports of machinery and equipment from the EU.

Import Value Index

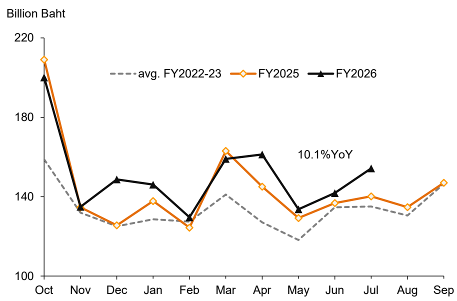


Note: Regrouping to include vehicle parts
Source: Customs Department, Ministry of Finance

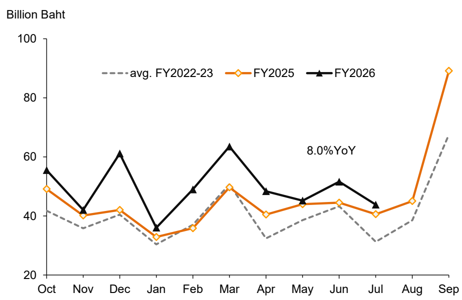
Public Expenditure

Government spending expanded from the same period last year, supported by increases in both central government and state-owned enterprise (SOE) expenditures. Central government current expenditure increased, driven by disbursements for pension, personnel compensation, and education-related expenses. Central government capital expenditure expanded, mainly due to higher disbursements by transportation-related agencies. Meanwhile, capital expenditure by SOE returned to growth, supported by increased investment disbursements in public utility and transportation infrastructure projects.

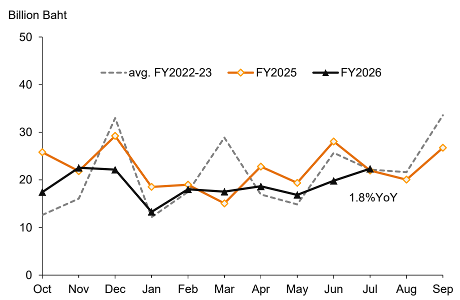
Central Government Current Expenditure (Excl. Subsidies/Grants and other)



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



State Owned Enterprises Capital Expenditure



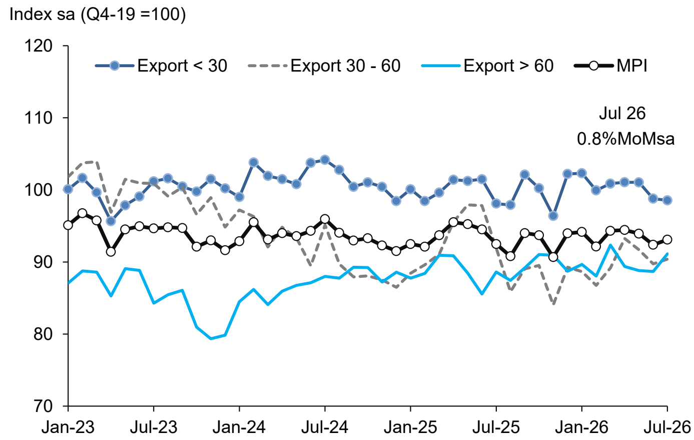
Note: * Excluded expenditure from 1 trillion and 500 billion Baht Emergency Decree loans.
Source: Comptroller General's Department, Fiscal Policy Office, GFMIS-SOEs and Bank of Thailand

Supply Side Indicators

Manufacturing Sector

The manufacturing production index, after seasonal adjustment, increased from the previous month. Production among firms with export shares exceeding 60 percent increased, driven by higher production of electrical appliances, particularly air conditioners, as well as sugar production amid inventory accumulation. **Production among firms with export shares of 30-60 percent** also increased, mainly reflecting higher automotive production, particularly pickup trucks, in line with stronger domestic sales. Meanwhile, **production among firms with export shares below 30 percent** declined, mainly due to lower production of prepared animal feed. **Alternative indicators** also pointed to an improvement in manufacturing activity, with sales among electronics and machinery producers continuing to grow, consistent with the expansion in merchandise exports.

MPI Classified by Export Share

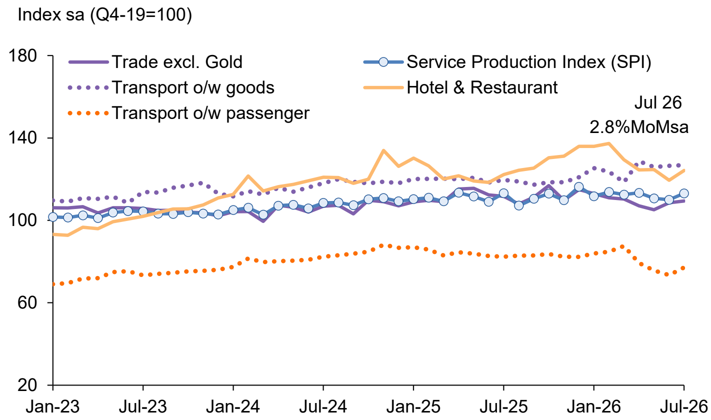


Source: Office of Industrial Economics, calculated by Bank of Thailand

Service Sector

Service sector indicators, excluding gold trading and after seasonal adjustment, increased from the previous month across all major categories. Tourism-related activities strengthened, driven by higher activities in **hotels and restaurants** as well as **passenger transportation**, in line with higher foreign and domestic tourist arrivals and tourism receipts. **Trade activity** also expanded, supported by higher vehicle and fuel sales, consistent with the improvement in private consumption.

Service Production Index (SPI) by Sector

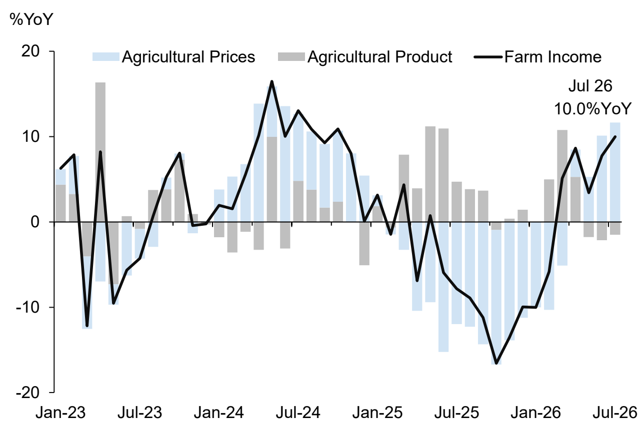


Note: SPI = Service Production Index (Excludes public administration and services, and gold activities)
Source: Bank of Thailand

Agricultural Sector

Farmers' income expanded from the same period last year, supported by continued growth in agricultural prices. Prices of rubber, cassava, oil palm and white rice increased, partly reflecting stronger inventory accumulation amid concerns over potential El Niño related supply risk. Meanwhile**, agricultural production** contracted, mainly due to lower fruit output, particularly mangosteen and longan, following a high base in the previous year when favorable weather conditions supported production. Oil palm output also declined, reflecting the impact of hot and dry weather conditions earlier in 2026.

Nominal Farm Income



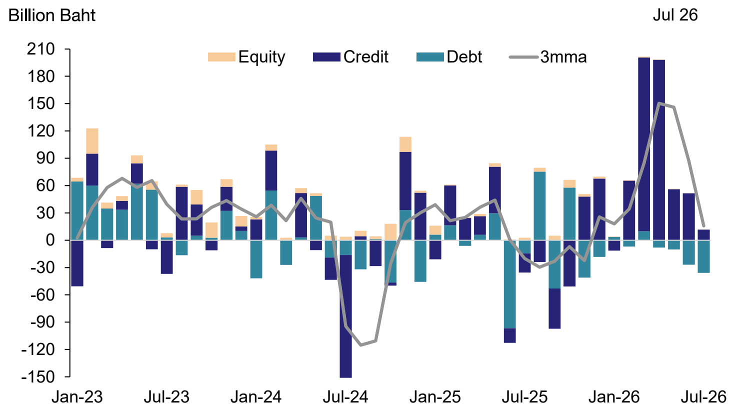
Source: Office of Agricultural Economics (OAE), calculated by Bank of Thailand

Monetary Conditions and Economic Stability

Corporate Financing, Interest Rates and Exchange Rates

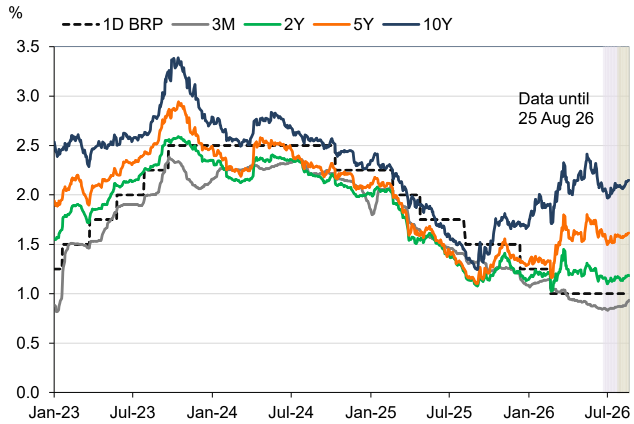
Overall corporate financing declined from the previous month, mainly due to lower debt financing through the bond market. **Debt financing** decreased in July 2026, particularly among businesses in the information and communication technology (ICT), financial, and agricultural sectors. Meanwhile, **net credit financing** edged up, driven by borrowing in the food and beverage manufacturing sector. **Equity financing** also increased modestly, supported by capital raising in the service sector, particularly among construction and retail businesses. Regarding **debt financing costs** in August 2026 (data up to 25 August 2026), short-term Thai government bond yields remained broadly stable, while long-term government bond yields increased slightly, reflecting concerns over the continued uncertainties surrounding tensions in the Middle East.

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

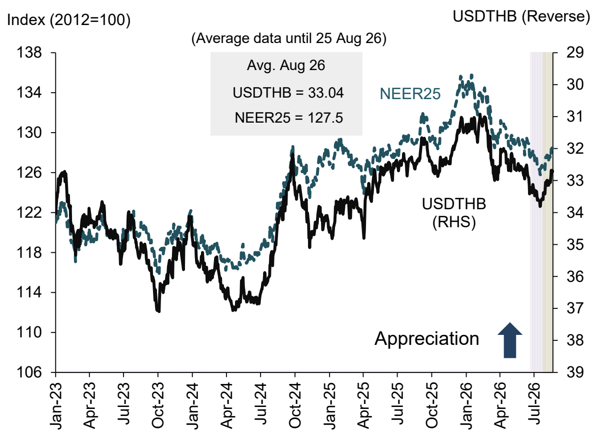
Government Bond Yields



Source: Bank of Thailand and ThaiBMA

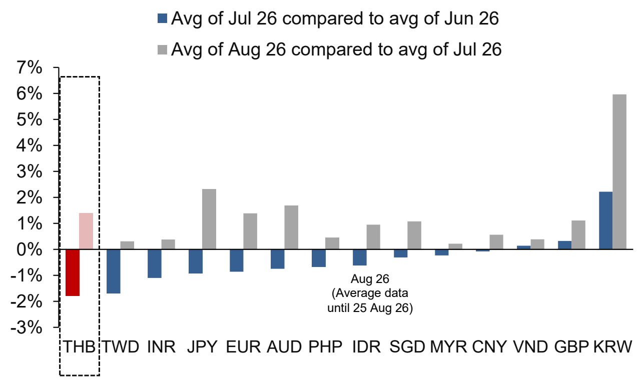
The Thai baht against the U.S. dollar moved largely in line with external factors during July and August 2026. In July 2026, the baht depreciated amid concerns over escalating tensions in the Middle East. However, in August 2026 (data up to 25 August 2026), the baht appreciated on average, in line with a weaker U.S. dollar following the U.S. Treasury's announcement of an expanded Treasury buyback program. This was further supported by market expectations that the U.S. Federal Reserve would keep its policy rate unchanged at its upcoming meeting, following U.S. inflation data that came in close to expectations and signs of a slowdown in the labor market**.** Meanwhile, the **Nominal Effective Exchange Rate (NEER)** depreciated in July 2026, reflecting the renewed rise in global oil prices, before appreciating in August 2026.

THB and NEER movements



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

Exchange rate movements compared with peers

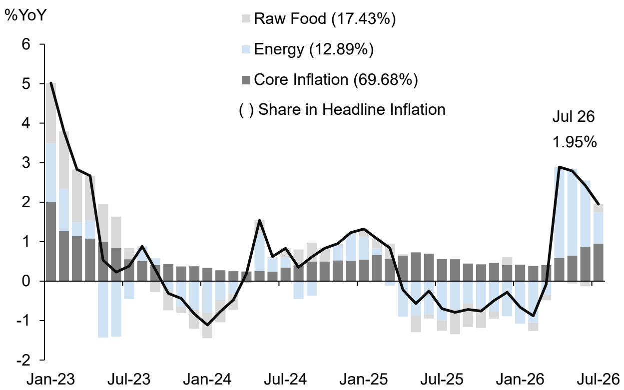


Note: Data are presented as period averages. A positive value indicates an appreciation against the U.S. dollar.
Source: Bloomberg, calculated by Bank of Thailand

Economic Stability

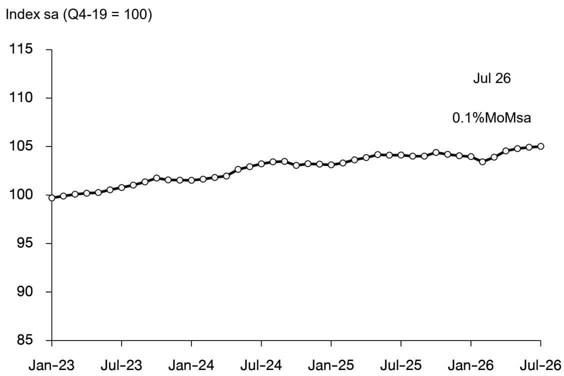
Headline inflation declined from the previous month, mainly due to lower energy prices, following a decline in global crude oil prices and a reduction in contributions to the Oil Fuel Fund. Meanwhile, **core inflation** edged up slightly, reflecting the gradual pass-through of higher costs to consumer prices, particularly to prepared food and cooking ingredients, while the prices of other goods and services remained broadly stable. **On the labor market** front, overall employment remained broadly stable, as reflected by the number of Section 33 insured employees that was largely unchanged from the previous month. Nevertheless, fragilities in the labor market remain, as reflected by the continued increase in the number of firms reporting temporary business suspensions under Section 75, particularly among businesses that face intense competition. On net, new business registrations have declined from increasing business closures, which could weigh on employment going forward. **The current account** deficit narrowed from the previous month, mainly due to an improvement in the trade balance from lower gold and fuel imports. While the trade balance returned to balanced, the deficit in services, income, and transfers widened slightly, in line with the seasonal repatriation of profits and dividends.

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

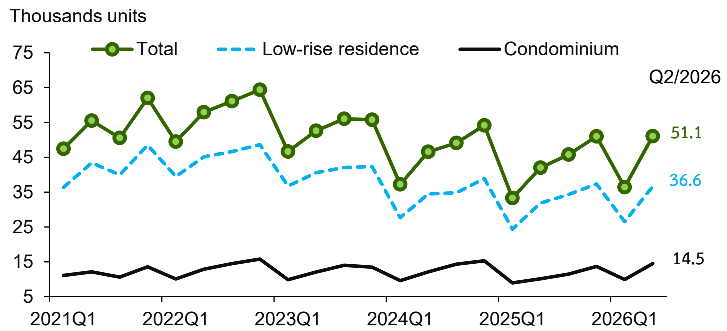
Billion USD	2025P	2025P				2026P				
		Q1	Q2	Q3	Q4	Q1	Q2	Jun	Jul	YTD
Trade Balance	24.8	9.3	6.1	7.5	1.9	-0.3	-12.1	-2.7	0.0	-12.4
Exports (f.o.b.)	335.3	80.9	84.3	86.2	84.0	95.1	99.1	34.4	34.3	228.5
%YoY	12.8	15.6	15.1	11.4	9.4	17.6	17.6	21.1	22.3	18.3
Imports (f.o.b.)	310.4	71.6	78.1	78.7	82.0	95.4	111.2	37.1	34.4	240.9
%YoY	12.5	6.1	15.7	11.5	16.7	33.2	42.3	48.9	35.5	37.6
Net Services, Income & Transfers	-7.4	3.0	-4.5	-4.3	-1.5	1.7	-5.6	-0.8	-1.5	-5.4
Current Account	17.4	12.2	1.6	3.2	0.4	1.4	-17.7	-3.5	-1.6	-17.8
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	2.8	0.6	-3.6	0.5

Note: P = Preliminary data
Source: Bank of Thailand

Real estate sector (Q2/2026)

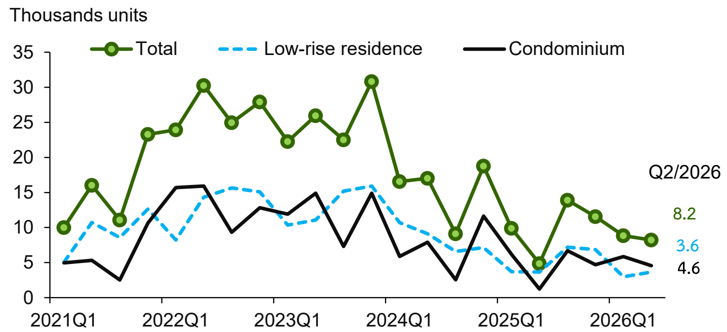
The overall real estate market expanded from the same period last year, driven mainly by stronger demand, while supply remained broadly stable. **Demand** increased in both the low-rise housing and condominium segments, partly reflecting accelerated purchases and property transfers ahead of the expiration of the transfer and mortgage registration fee reduction measures (currently extended until 30 June 2027). Demand for condominiums was also supported by a low base in the previous year following the earthquake. On the **supply side**, new property launches remained broadly stable, as most developers continued to delay new project launches and focus on clearing existing inventories. Meanwhile, **housing prices** increased across all property types, particularly condominiums, partly due to higher costs and developers' greater focus on selling higher-value projects.

New Mortgage Loans from Commercial Banks and SFIs



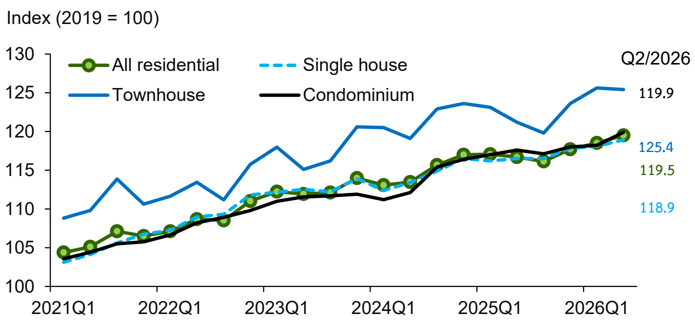
Source: Bank of Thailand

Newly Launched Properties in Bangkok and Vicinity Area



Source: Agency for Real Estate Affairs (AREA) and calculated by Bank of Thailand

Housing Price Index



Source: mortgage loans data reported by commercial banks and the Government Housing Bank. Additionally, starting from January 2023, mortgage loan data from other specialized financial institutions have been included, calculated by Bank of Thailand.
As of April 2025, data for LH bank is excluded pending new dataset completion.

Bank of Thailand
31 August 2026

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