WEEKLY ECONOMIC REVIEW

March 24, 2026

krungsri Research
A member of MUFG

Middle East war risks may cause the Fed to hold rates; China pins hopes on stimulus, while Thailand prepares mitigation measures.

Global

Global energy security is under rising threat after Israel struck Iran's largest gas field and Iran retaliated across the region. At the same time, the U.S. has threatened to destroy Iran's power plants if the Strait of Hormuz is not reopened, alongside reports of U.S. Marine deployments in preparation for potential ground operations. These point to an escalating conflict in the Middle East, increasing the risk of a global energy crisis.

U.S. Fed maintained its policy rate at 3.50–3.75% at the March 17–18 meeting, despite clearer signs of slowing in the U.S. economy, particularly in the labor market. If the Middle East tensions become prolonged, inflationary pressures could rise, delaying the return to the 2% target. In such a scenario, the Fed may keep rates unchanged throughout 2026. However, if the conflict remains contained and energy prices ease, there could be one rate cut in the second half of the year.

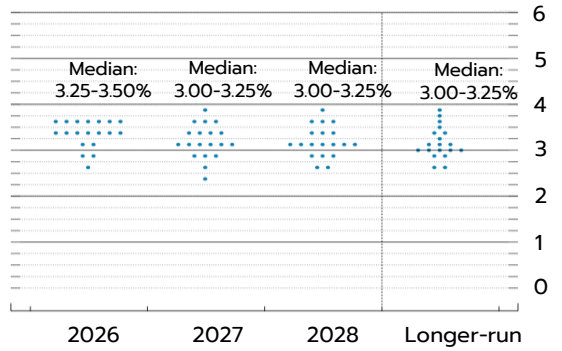
China stimulus is key to propping up the economy. Despite a boost from the Chinese New Year, domestic consumption remains fundamentally weak, partly due to the persistent property crisis. Indeed, home prices have continued to fall for four years. **Looking ahead, hope for economic turnaround lies in policies**, including trade-in subsidies, income security, social protection, and infrastructure investment (+11.4% YoY during Jan-Feb).

Thailand

On 19 March, the House of Representatives elected Anutin Charnvirakul of the Bhumjaithai Party as the 32nd Prime Minister with 293/498 votes, following the 15 March appointment of Sophon Saram of the Bhumjaithai Party as House Speaker.

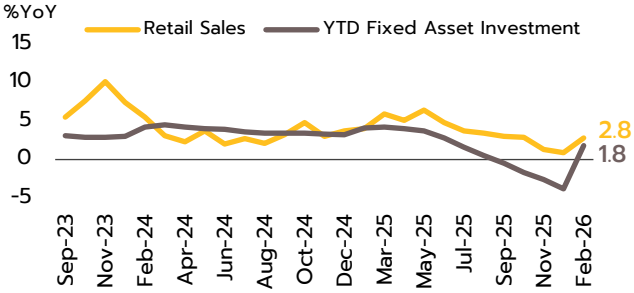
This result marks the first time in over 15 years that both executive and legislative leaders come from the same party—likely improving policy coordination, legislative passage, and budget execution. However, the incoming administration faces mounting challenges from a global energy crisis, driven by heightened tensions in the Middle East. In response, the government is preparing several measures, including (i) allocating THB 50 bn under the FY2026 budget reallocation bill (ii) accelerating fiscal disbursement and investment by state-owned enterprises (iii) issuing an emergency decree to guarantee loans to the Oil Fuel Fund of no less than THB 40 bn and (iv) considering reductions in excise taxes on fuel, if necessary. On trade negotiations with the U.S., the new government must submit a written document to the Office of the United States Trade Representative (USTR) by 15 April. It must also file a petition to participate in a public hearing scheduled for 5 May in Washington, D.C., after which an additional seven-day window will be provided to submit rebuttal comments.

U.S.: Fed Dot Plot



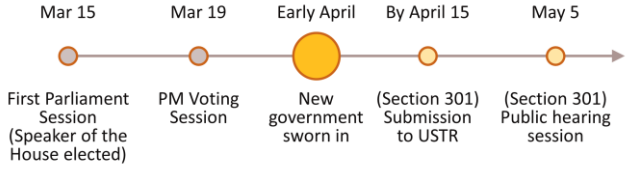
Source: Federal Reserve

China: Retail Sales and Fixed Asset Investment



Source: NBS and Krungsri Research

Thailand's key events



Source: Krungsri Research

Krungsri Research

Pimnara Hirankasi, Ph.D.

Head of Research Division and Chief Economist

Macroeconomic Team

Sujit Chaivichayachat
Head of Macroeconomic Research

Wanicha Direkudomsak
Senior Economist

Churailuk Pholsri
Senior Economist (Forecasting)

Piyavadee Chirasirisuwan
Senior Economist

Thansin Klinthanom
Senior Economist

Krittabhorn Sirichaichingkun
Economist

Supasyn Itthiphatwong
Economist

Wanat Banthitasopon
Economist

MIS and Reporting Team

Thamon Sernsuksakul
Information Analyst

Chirdsak Srichaiton
Information Analyst

Wongsagon Keawuttung
Information Analyst

Industry Team

Taned Mahattanalai
Head of Industry Research

Poonsuk Ninkitsaranont
Senior Analyst (Healthcare, Mobile Operators)

Thian Thiumsak
Senior Analyst (Energy, Petrochemicals)

Chaiwat Sowcharoensuk
Senior Analyst (Agriculture)

Puttachard Lunkam
Senior Analyst (Construction Contractors, Construction Materials, Hotels, Industrial Estate)

Patchara Klinchuanchun
Senior Analyst (Real Estate)

Prapan Leenoi
Analyst (Power Generation, Renewable Energy, ESG)

Supawat Choksawatpaisan
Analyst (Automobile, Electronics & Electrical Appliances)

Rapeepoom Lapmak
Analyst (Agriculture, Food & Beverages)

Chatwalee Maethastidsook
Analyst (Healthcare, Chemicals, Medical Devices)

Analytics & Intelligence Team

Pimnara Hirankasi, Ph.D.
Acting Head of Analytics and Intelligence Research

Nathanon Ratanathamwat
Senior Researcher

Narichaya Satafang
Researcher

Parinya Mingsakul
Researcher

Chanatta Thararos
Researcher

For research subscription, contact

krungsri.research@krungsri.com

Disclaimer

All material presented in this report, unless specifically indicated otherwise, is under copyright to Krungsri Research. None of the material, nor its content, nor any copy of it, may be altered in anyway, or copied to any other party, without the prior express written permission of Krungsri Research. This document is based on public information believed to be reliable. Nevertheless, Krungsri Research would not affirm the accuracy and completeness of this information. We accept no liability whatsoever for any direct or consequential loss arising from any use of this document or its content. Information, opinions and estimates contained in this report are our own, which are not necessarily the opinions of Bank of Ayudhya Public Company Limited and its affiliates. It reflects a judgment at its original date of publication by Krungsri Research and are subject to change without notice.