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INDUSTRY HORIZON

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Krungsri Research



KEY ENVIRONMENTS

2026-2028 OUTLOOK

Key environments influencing the outlook of Thailand's industry

Macro environment

- **Global economy:** Modest growth below the pre-COVID average, constrained by trade protectionism, geopolitical risks, and structural headwinds.
- **Thai economy:** Gradual growth supported by tourism recovery and improving investment amid export headwinds and political uncertainty.

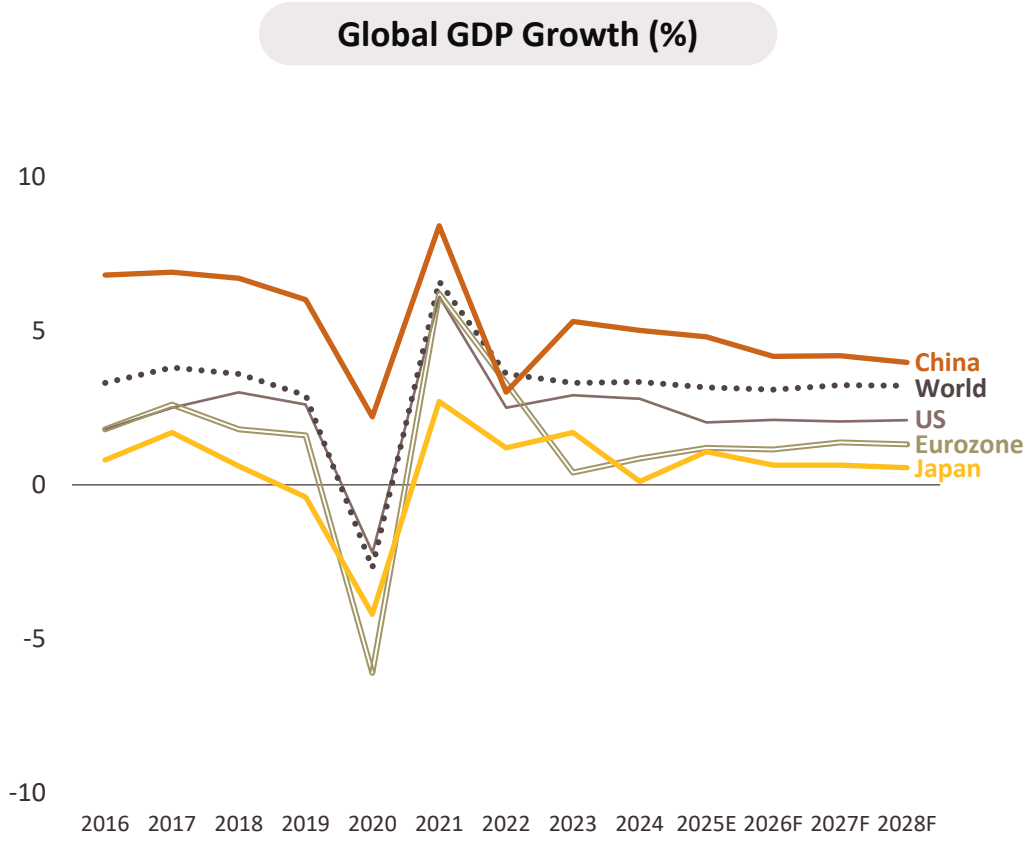
Industrial environment

- **Structural changes:** impacts on industry
  - **Upstream resilience:** Greater focus on sustainable upstream industries
  - **Influx from China's overcapacity:** Pressure on local industries globally
  - **Digital solutions:** AI and data centers as key drivers of modern industries
  - **Silver economy and wellness:** Health-conscious trends shaping value chains
  - **Global climate disruption:** Increasingly severe variations impacting industries
  - **Sustainable drive:** Opportunities and challenges for the industry
- **Regulatory changes** e.g., U.S. tariff hikes, LTV ratio relaxation and housing fee reductions, ban on rebar/billet plants, roofing tile standards, revised power development and alternative energy plans, accelerated Net-Zero target by 2050, hotel fee exemptions, vehicle excise tax adjustments based on CO2 emissions, BEV tax reductions and export incentives, Technology Crime Prevention Act, vehicle hire-purchase regulations, and draft Climate Change Act.

Industry Outlook



The global economy in 2026-2028 is expected to grow by 3.2%, below the pre-COVID average, constrained by trade protectionism, geopolitical risks, and structural headwinds, despite fiscal stimulus and investment in digitalization.



US

- Average growth is projected at around 2.1% annually, slightly above 2025.
- Higher tariffs and stricter immigration policies are likely to dampen output, jobs, and consumption, while AI investment supports long-term productivity.
- The Fed may end its rate-cutting cycle by 2026 amid contained inflation.

Europe

- Growth is expected to remain subdued at around 1.3% annually, with fiscal easing in Germany and a gradual recovery in tourism and consumption partly offset by U.S. tariffs and weak manufacturing.
- The ECB has limited room for further rate cuts as inflation nears its 2% target.

Japan

- Growth is expected at around 0.6% annually, constrained by weak manufacturing and slower exports amid trade tensions and intensified automotive competition.
- Fiscal measures to ease living costs and support industrial upgrading should enhance long-term growth potential.

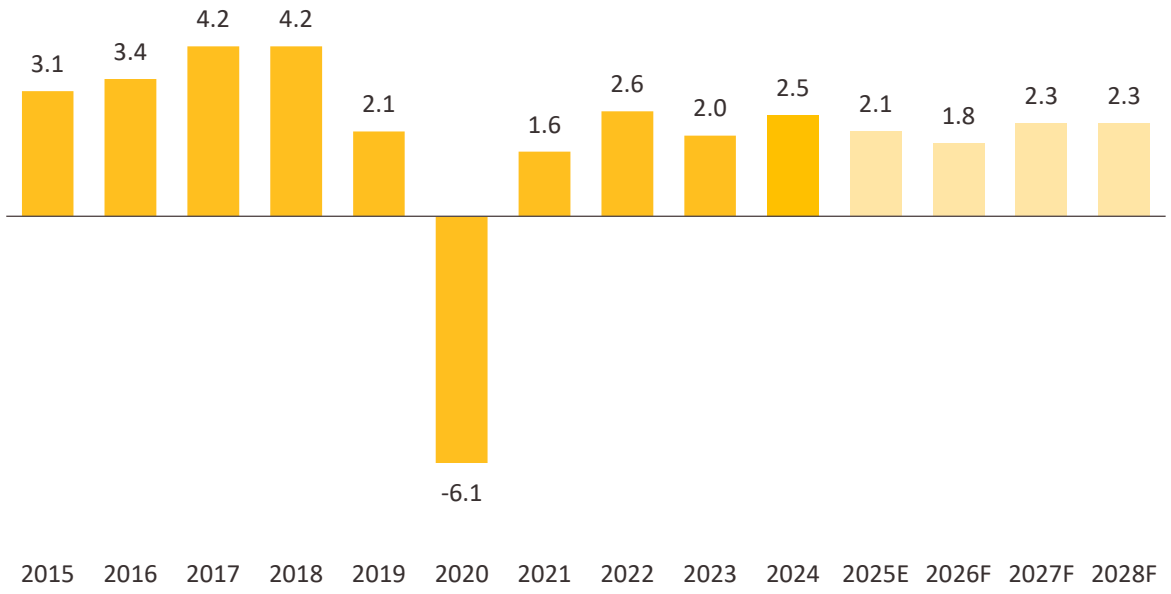
China

- Growth is expected to slow to an average of 4.1% annually, pressured by property downturn, high debt, excess capacity, and ongoing trade and technology tensions.
- Policy measures to stimulate demand, support new productive forces, ease debt burdens, and stabilize the property sector should help mitigate downside risks.

Source: IMF World Economic Outlook (October 2025), Krungsri Research

2026-2028 Thai economic outlook: Growth is expected at a modest pace, averaging 2.1% p.a., constrained by domestic and external headwinds, broadly in line with 2025 but well below the pre-COVID 10-year average of 3.6%.

Thailand's GDP growth and forecast (%)



- Gradual tourism recovery gradually supported by global tourism growth and expanded international flights despite safety concerns and thus decline in 2025
- Improving private investment as reflected in BOI applications, especially in digital, EV, and renewable energy sectors

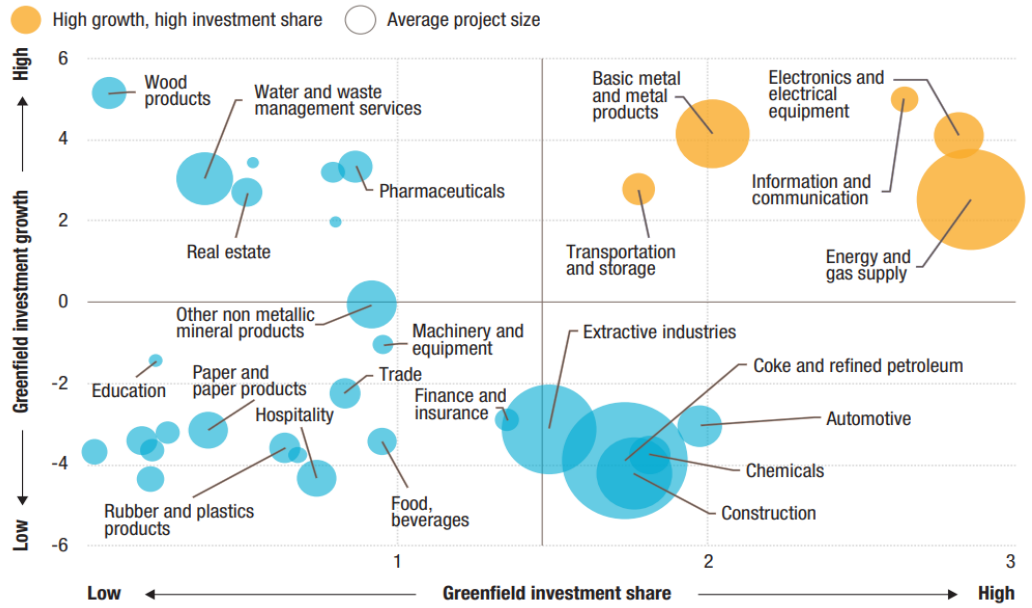
- Export slowdown following the U.S. tariff hikes and a payback effect
- Domestic political uncertainty, potentially delaying budget disbursement and public spending
- High public debt and constraining fiscal space
- Structural problems, e.g., persistently elevated household debt and aged economy

Source: NESDC, Projection by Krungsri Research

Upstream resilience: Strengthening supply chains through sustainable upstream industries will become more vital for developing Asian economies.

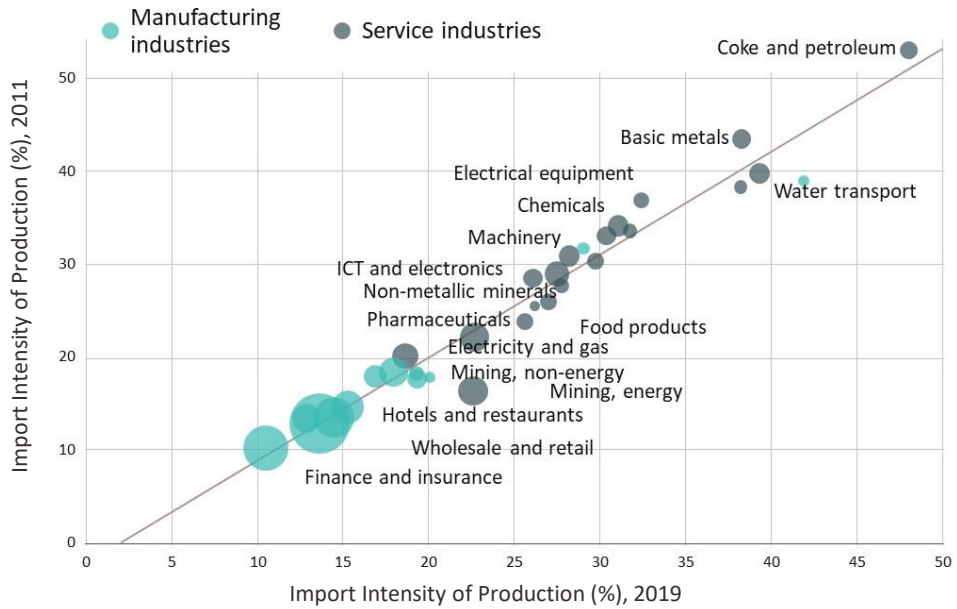
- **Shift toward sustainable and upstream-oriented production:** Continued global economic uncertainty, rising trade barriers, especially U.S. tariffs, and recurring geopolitical tensions are heightening supply-chain risks and encouraging major economies to expand investment into developing Asia.
- **Growth driven by new greenfield investments** in technology- and sustainability-focused sectors such as *electronics, IT/digital products, clean energy, and advanced materials.* These industries strengthen upstream production capacity and reduce reliance on imported inputs.
- **This aligns with pre-COVID global supply-side adjustments,** reflected in declining import intensity for these products during 2011–2019. Since then, FDI into developing Asia, including Thailand, has increasingly targeted upstream rather than downstream industries, with China rapidly rising as a key investor alongside the U.S.
- **Upstream investment will become even more pivotal** as Asian developing economies adapt to sustainability requirements and navigate heightened trade and technology tensions.

Greenfield Investment Growth and Share by Sector 2020-2024



Source: UNCTAD 2024, Krungsri Research
Note: The x-axis shows industry share of total greenfield values; the y-axis shows 5-year growth (2020–2024 vs. 2015–2019); bubble size indicates average project size (2020–2024).

Import Intensity of Production by Sector



Source: OECD 2024, Krungsri Research
Note: The bubble size represents the value added of the corresponding industry at the world level in 2019.

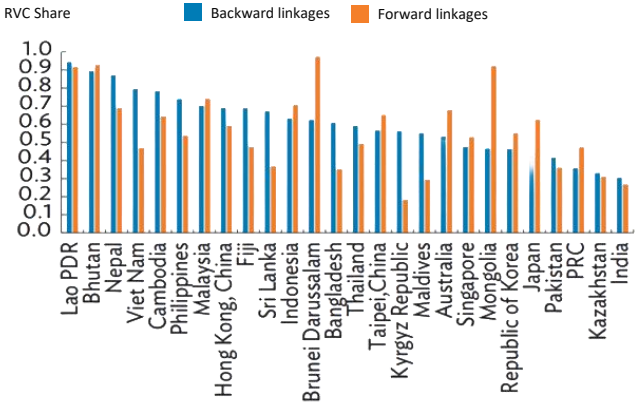
Regional Cooperation and Integration (RCI): Value chain development is increasingly shifting toward deeper, integrated collaboration within the region.

- **Regional alliances and integration will play a growing role** in strengthening collective bargaining power and sustaining competitiveness amid rising inter-regional trade barriers, with an emphasis on reinforcing regional value chains.
- **Cooperation tends to extend beyond trade** to include investment, infrastructure, logistics, and environmental initiatives. In Asia, partnerships increasingly focus on strategic sectors—*semiconductors, IT and digital industries, clean-energy equipment, medical products, and key raw materials—aimed at bolstering upstream production.*
- **Future regional cooperation will shift toward technology and digital connectivity.** ASEAN has expanded collaboration in areas such as fiber-optic networks, cross-border data exchange, and other digital initiatives to support high-tech industry development, though many efforts are still in early stages.

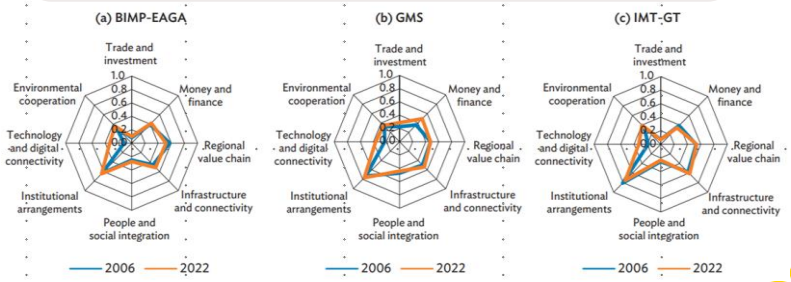
Relevant Operational Regional Cooperation and Integration Areas of Subregional Initiatives*

	Trade & Investment	Money & Finance	Regional Value Chain	Infrastructure & Connectivity	People & Social Integration	Institutional Arrangements	Technology & Digital Connectivity	Environmental Cooperation
CAREC	■	■	■	■	■	■	■	■
GMS	■	■	■	■	■	■	■	■
IMT-GT	■	■	■	■	■	■	■	■
BIMP-EAGA	■	■	■	■	■	■	■	■
SASEC	■	■	■	■	■	■	■	■
BIMSTEC	■	■	■	■	■	■	■	■

Regional Value Chain Integration, by Economy



Intra-subregional Initiatives** – Southeast Asia



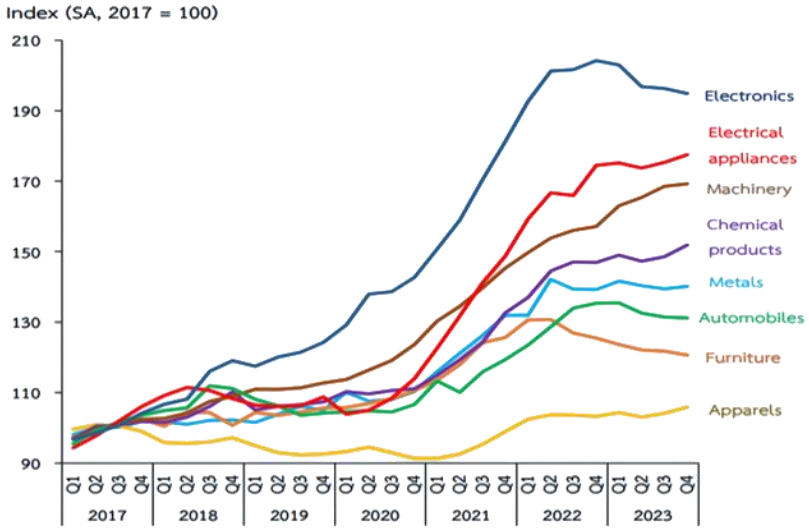
Source: ADB's Asia-Pacific Regional Cooperation and Integration Index Database, ADB 2025, Krungsri Research
Note:
* The latest available data as of 2023, from ADB (2025 report).
CAREC = Central Asia Reginal Economic Cooperation, GMS = Greater Mekong Subregion, IMT-GT = Indonesia -Malaysia-Thailand Growth Triangle, BIMP-EAGA = Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area, SASEC = South Asia Subregional Economic Cooperation, BIMSTEC = Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
**Based on ADB's Asia-Pacific Regional Cooperation and Integration Index estimates. Higher index estimates denote greater regional integration. Intra-subregional integration is measured within members of the same subregional initiative.

Influx from China overcapacity: China's export surge to offload excess capacity continues to pressure local industries worldwide.

- **China's efforts to offload excess industrial supply continue to pressure local producers worldwide.** Rising inventories, declining capacity-utilization rates, and persistent overinvestment highlight China's industrial overcapacity, especially in *high-tech sectors such as electronics, EVs, and electrical machinery, as well as in food, pharmaceuticals, and certain chemicals.* Coupled with cost advantages from economies of scale and escalating U.S.–China trade tensions, these factors are driving a stronger push for Chinese surplus goods into global markets.
- **Key challenges for Thai businesses include**:
  - *The continued influx of low-cost Chinese imports, which pressures local producers—especially SMEs with limited scale;* Rising Transshipment risks, both from re-exporting Chinese goods through Thailand and from heavy dependence on Chinese inputs, also increase the likelihood of U.S. circumvention findings and potential trade penalties.
  - *China's relocation of excess production capacity to ASEAN, including Thailand;* While this could strengthen certain supply chains, it also poses headwinds by (i) disadvantaging existing Thai firms that cannot compete on cost, and (ii) positioning Thailand primarily as an assembly base that relies almost entirely on imported Chinese parts and labor—resulting in only limited value added to the domestic production chain.

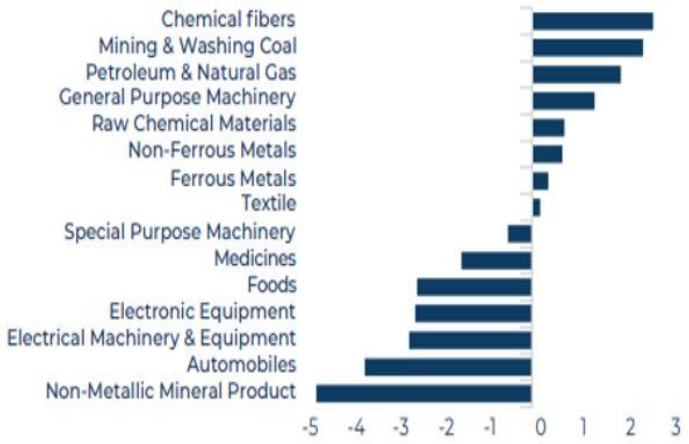
China's Manufacturing Inventory Level

(%YoY, fixed investment minus industrial output, 21-24H1 average)



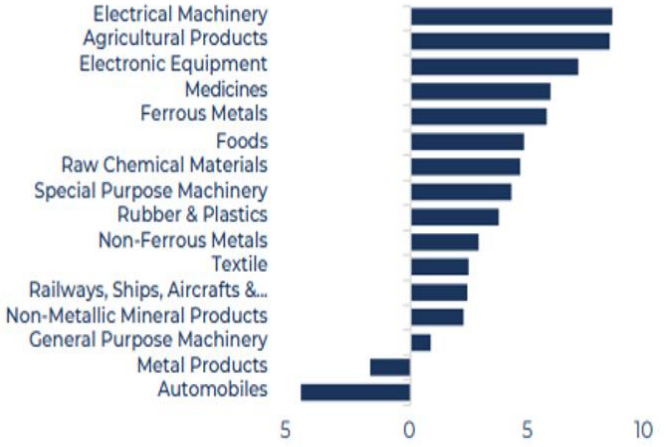
Changes in Capacity Utilization Rate in China

(2Q24 minus historical average, trailing 4Q)



Fixed Investment Ahead of Output in China

(%YoY, fixed investment minus industrial output)
(21-24H1 average)



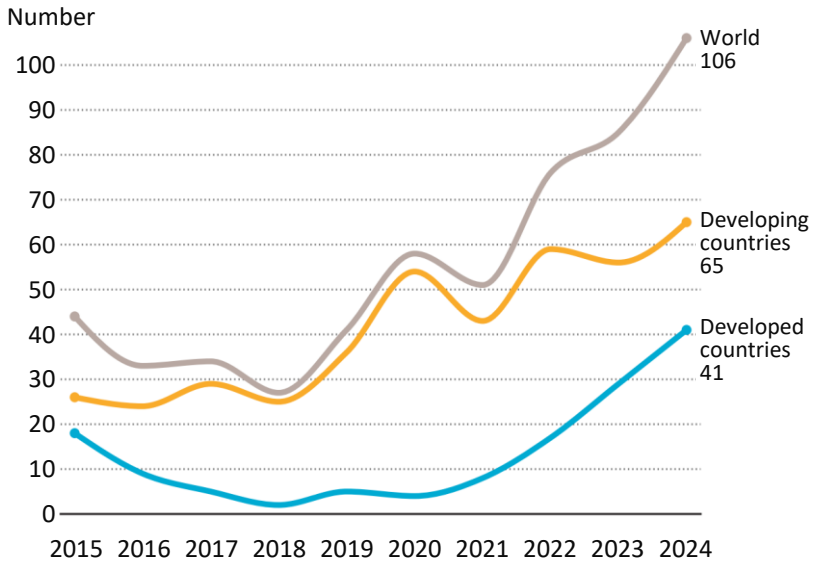
Source: China NBS, Coface

Investment-incentive war: The race to offer investment incentives has become a new form of competition among manufacturing-based economies, especially in Asia.

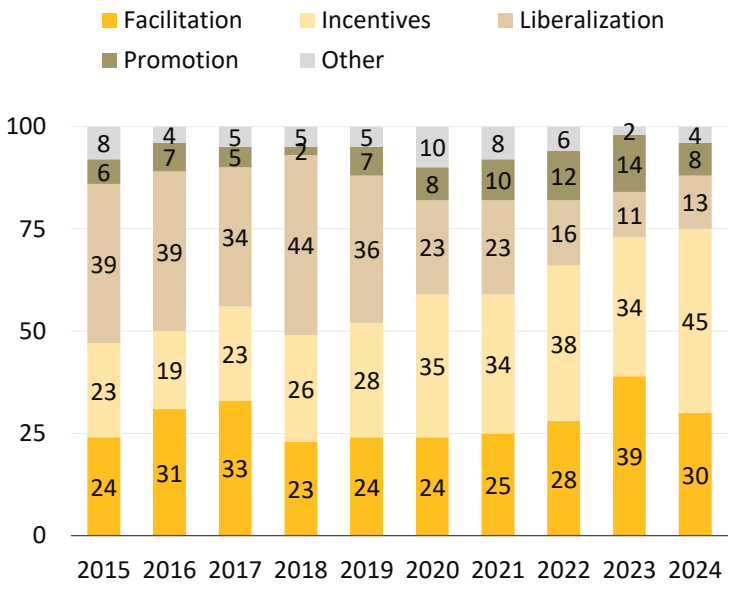
- **Competition through investment incentives has become a key strategy for manufacturing-based economies—particularly in Asia—amid rising global protectionism.** This investment-incentive war is driving developing countries to expand incentive packages for manufacturing and services (see figure), including tax exemptions, reductions, and extended tax-holiday periods.
- **The escalating incentives race prompted the OECD to introduce the Global Minimum Tax (GMT),** requiring countries to impose a minimum 15% tax on multinational firms with annual revenues above EUR 750 million. Implementation began in 2024–2025, depending on each country's readiness, to promote fairer competition.
- **Despite GMT's moderating effect, competition for foreign investment will persist in developing economies, including Thailand.** Investment-promotion measures will therefore remain essential for sustaining global competitiveness.

Total number of investment incentives

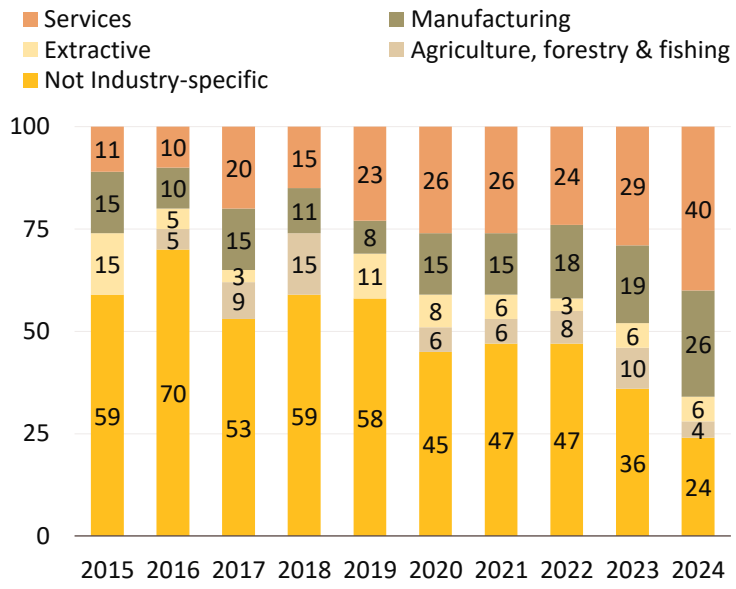
(by economic grouping)



Investment Incentives, by category (%)



Investment Incentives, by sector (%)



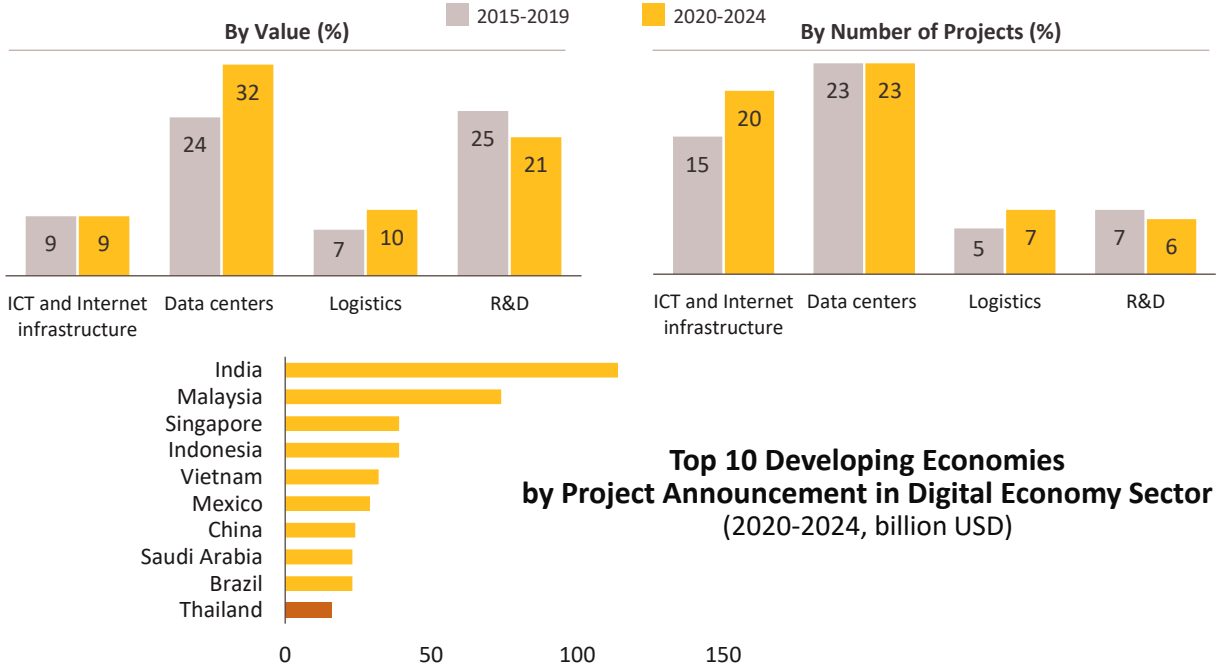
Source: UNCTAD (Investment policy monitor database, March 2025)

Digital solution: Digital technologies and data centers will serve as key drivers supporting modern industries in developing Asia.

- **Digital investment continues to grow at 10–12% annually** despite a broader slowdown in global FDI and GDP. Data centers represent the largest and fastest-growing share of greenfield projects by multinationals in developing economies during 2020–2024.
- **Thailand ranks among the top 10 destinations for data-center investment by multinational firms (Source: UNCTAD, 2025**), supporting the adoption of AI, cloud computing, and big data, and strengthening upstream industries such as *electronics, semiconductor components, digital infrastructure, and e-commerce*—critical to reinforcing supply chains in targeted advanced-technology sectors.
- **Key challenges remain, particularly energy adequacy, which is vital for data-center operations.** While clean energy is needed to meet long-term sustainability goals, Thailand's renewable supply must expand significantly to lower costs. Progress is hindered by climate-related disruptions and delays in establishing clear regulations for Direct Power Purchase Agreements (Direct PPAs).

Top 100 digital Multinational Enterprises

(Share of Announced Greenfield Investment)

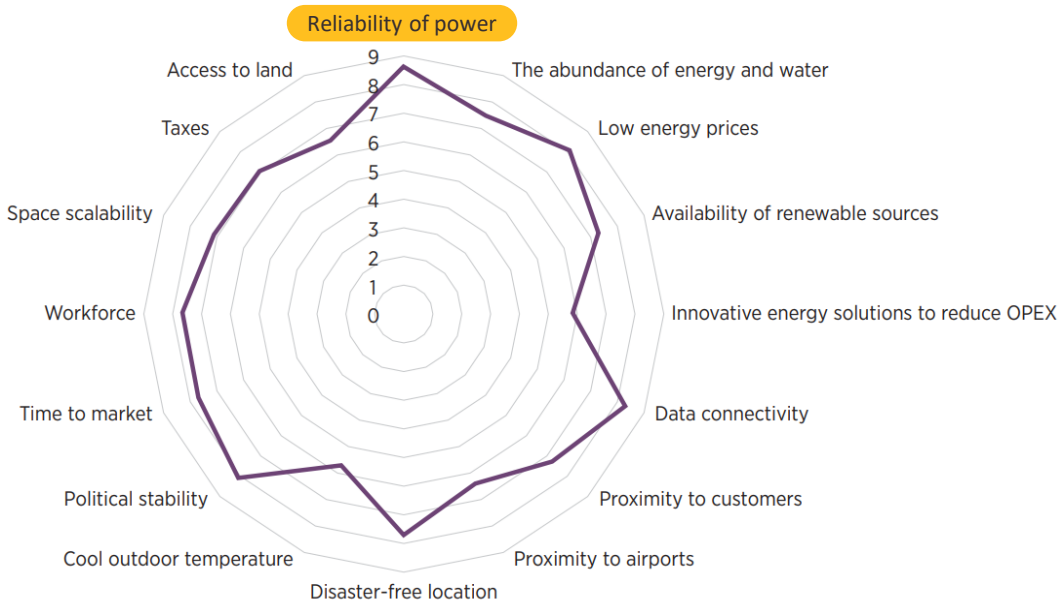


Top 10 Developing Economies by Project Announcement in Digital Economy Sector

(2020-2024, billion USD)

Source: UNCTAD, based on information from The Financial Times Ltd, fDi markets

Enabling Factors for Data Center Investment

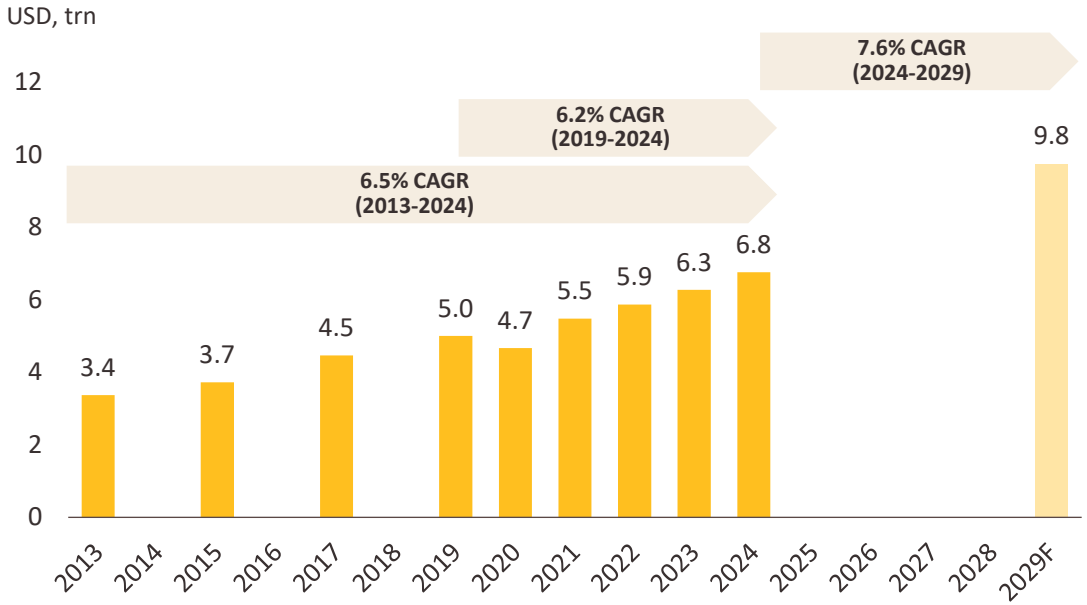


Source: COWI, a Denmark-based environmental consulting firm

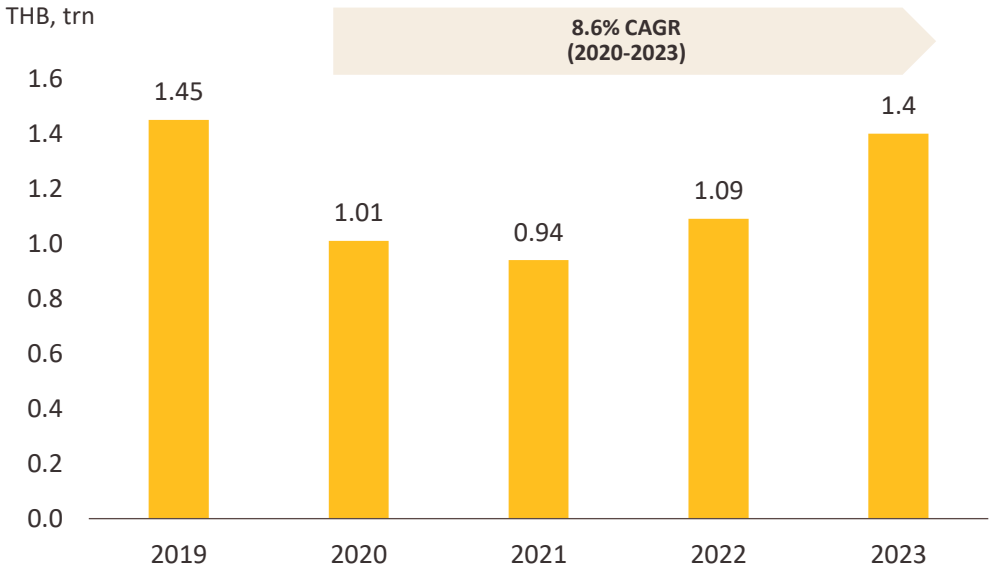
Silver economy and wellness: The transition into an aging society, along with rising health-conscious trends, supports the development of modern health-service value chains.

- **Global population aging presents both opportunities and challenges for businesses worldwide.** The United Nations projects that the population aged 65 and over will rise to 1.7 billion by 2054, up from 830 million in 2024, with over 1 billion older adults in Asia.
- **Thailand is set to become a super-aged society by 2030,** with over 25% of the population aged 60 and above, creating opportunities for the health sector. The health economy reached USD 40.5 billion in 2023, up 28.4% from 2022. Key growth areas *include medical and wellness tourism, medical devices, high-value medical products (ATMPs), personal health and beauty, health-focused real estate, and preventive health foods.* Government initiatives, including tax incentives, support Thailand's goal to become a global medical and wellness hub.
- **However, a major challenge is the worsening shortage of working-age labor and rising personnel costs**, especially for SMEs with limited capital to invest in technology to compensate for labor gaps. Meanwhile, efforts to position Thailand as a wellness and medical hub are constrained by a shortage of qualified professionals—such as physicians, nutritionists, and wellness experts—and intensified competition from regional economies pursuing the same goal.

Global Wellness Economy Market Size and Growth Forecast



Thailand Wellness Economy Market Size



Source: Global wellness institute, and Krungsri Research

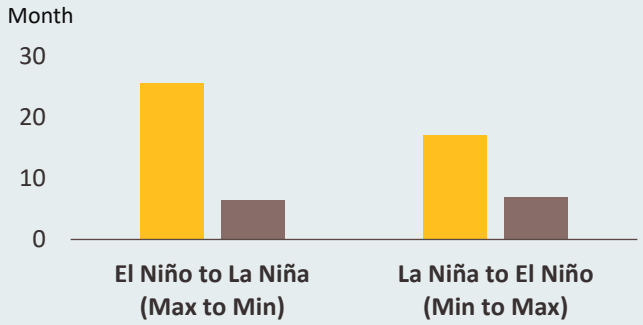
Global climate disruption: Shortened La Niña and El Niño cycles will disrupt the supply chains of agriculture and related industries.

- **Intensifying climate variability stemming from increasing greenhouse gas concentrations will raise global temperatures and disrupt the Earth's water cycle.** Greater atmospheric moisture causes heavier rainfall and floods, while faster evaporation worsens droughts. Over the past 40 years (1985–2025), intervals between El Niño and La Niña events have shortened to only 6–8 months (2002-2025) from the previous 24–26 months (1985-2001), signaling higher risks of rapid, extreme swings between floods and droughts.
- **During 2026–2028, Thailand is likely to face climate disruptions that could impact the economy.** Krungsri Research has assessed the potential effects of these disruptions across various sectors, from agriculture to downstream industries, as follows:

2026: Flood and Storm Risks (La Niña)

- **Overview:** La Niña influence may return, bringing above-average rainfall.
- **Agriculture:** Risk of flooding, particularly in lower northern and northeastern regions; farmers need to plan crop cycles accordingly.
- **Manufacturing:** High flood risk may cause intermittent production and transport disruptions.
- **Tourism:** Vulnerable to monsoon winds, heavy rainfall, flash floods, and landslides.

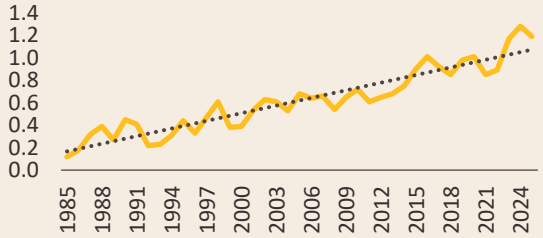
ONI Index Transition (1985-2025)



2027: Transition and Uncertainty (Neutral)

- **Overview:** Weather conditions are neutral but highly variable, with heavy rainfall concentrated in new areas, alternating with dry spells.
- **Agriculture:** Planning becomes more challenging; risk of mid-season water shortages, especially in non-irrigated areas.
- **Manufacturing:** Uncertain water availability during the next dry season may affect production quality and efficiency.
- **Tourism:** Weather is increasingly unpredictable; sudden urban flooding could impact confidence and tourism businesses.

Land-Ocean Temperature Index



2028: Drought, Wildfires, and Air Pollution (El Niño)

- **Overview:** El Niño is likely to intensify, bringing below-average rainfall and higher temperatures, increasing the risk of wildfires and air pollution.
- **Agriculture:** Major crops (rice, sugarcane, cassava) may be damaged by heat stress and water shortages.
- **Manufacturing:** Risks related to water allocation, stemming from water shortages between the agricultural and industrial sectors, as well as water usage in production processes.
- **Tourism:** Northern PM2.5 pollution may be severe and prolonged; low water levels in aquatic attractions reduce their appeal.



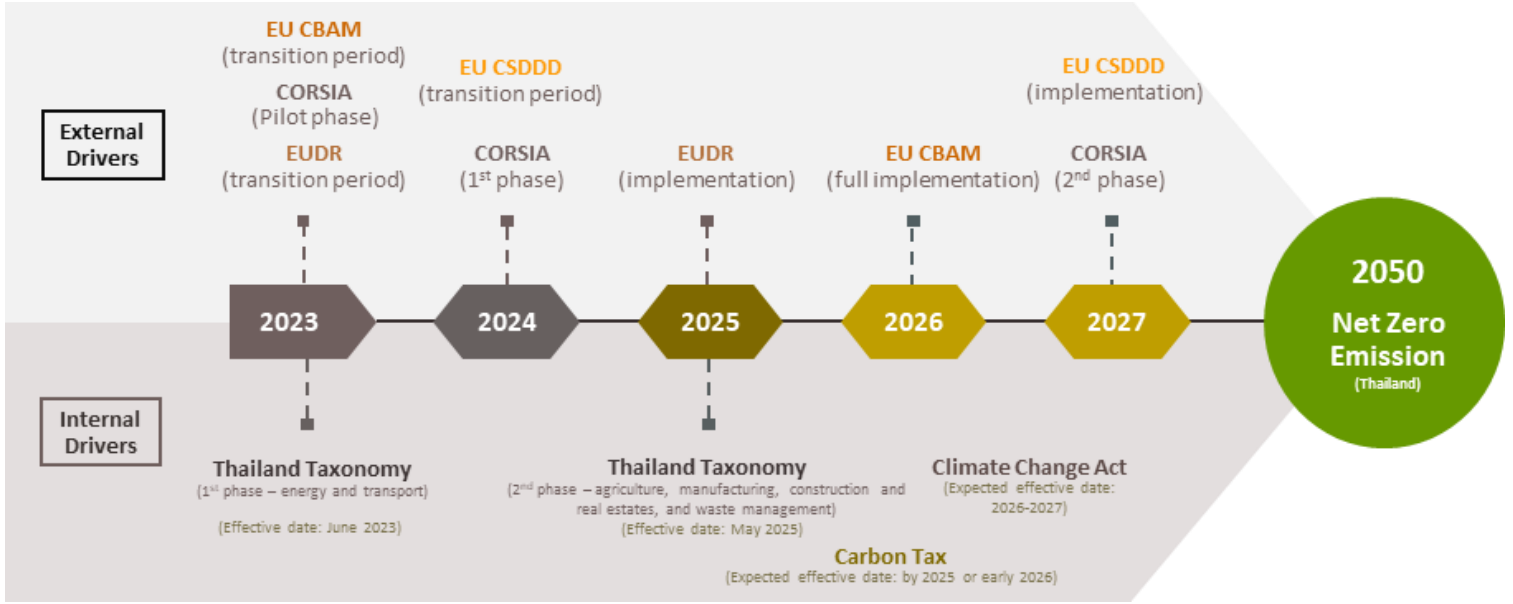


Source: NOAA, NASA and Krungsri Research

Sustainable drive: Achieving sustainability under the Mission for Global Sustainability presents both opportunities and challenges for the industrial sector.

- **The transition toward a Net Zero economy is compelling businesses to adapt rapidly** as compliance costs rise amid tighter environmental regulations and growing responsibility requirements across value chains. Thai businesses will face stricter domestic measures aligned with global trends and Thailand's updated Net Zero target for 2050. Key developments include:
  - *Mandatory measures:* The draft Climate Change Act would require emission reporting and advance carbon pricing instruments—such as carbon taxes on petroleum products and an emissions trading system (ETS)—targeting high-emission sectors like *cement, metals, and petrochemicals.*
  - *Voluntary measures:* The Thailand Taxonomy, covering six sectors (*energy, transport, agriculture, manufacturing, real estate, and waste*), encourages firms to align with environmental standards to support competitiveness and access to sustainable finance.
- **Krungsri Research expects global and domestic sustainability measures to bring both challenges and opportunities for Thai businesses**. The main challenges arise from higher costs associated with: (1) carbon measurement, reporting, and verification (MRV) or due diligence requirements; (2) carbon pricing; and (3) the transition to sustainable operations. Firms that adapt more quickly will gain advantages in trade, investment, and access to sustainable finance, while MRV providers, sustainability consultants, and climate-tech companies stand to benefit from the Net Zero shift.

Timeline of Sustainability Regulations Affecting Thailand



Source: European Commission, Department of Trade Negotiations (DTN), The International Civil Aviation Organization (ICAO), Bank of Thailand (BOT), and Krungsri Research

Changes in regulatory environment have impacts on Thai industry.

Real estate	• **Relaxation of LTV ratio for selected home loans to 100% (May 1, 2025–June 30, 2026),** aiming to alleviate high inventory pressures and enhance homebuyers' access to credit • **Reduction of housing registration fees for homes up to THB 7M (transfer 2%→1%, mortgage 1%→0.01%), effective until June 30, 2026,** to boost home purchases, ease inventory, and stimulate housing loans.
Manufacturing	• **Imposition by the US of AD/CVD on Thai solar panels (375–972%, effective April 21, 2025),** threatening Thailand's competitiveness and US market share. • **Ban on new or expanded rebar and billet plants nationwide (effective Sep 10, 2025)** to address oversupply, stabilize the steel industry, and promote high-quality, green-compliant production. • **Industrial standard for roofing tiles, effective May 28, 2025,** aiming to improve heat management, energy efficiency, and consumer confidence.
Energy & Environment	• **Revision of national power development plan (PDP2024) and alternative energy plan (AEDP2024), covering 2021–2037,** aiming to achieve at least 50% clean and renewable energy capacity by 2037, and to support private investment in renewable power. • **Thailand sets a new Net-Zero target by 2050 (15 years earlier than the previous target of 2065),** aiming to accelerate low-carbon transition in energy and transport sectors and reduce emissions in hard-to-abate industries like cement, chemicals, and steel.
Tourism	• **Exemption of annual hotel fees (July 1, 2024–June 30, 2026),** aiming to reduce operational costs for affected operators, support small hotels' recovery, and enable reinvestment in maintenance and other business needs.
Auto & EV	• **Adjustment of excise tax rates for ICE and electric motorcycles (HEV and PHEV) based on CO2 emissions, effective Jan 1, 2026–Dec 31, 2029 (4–20%) and from Jan 1, 2030, onward (5–25%),** aiming to incentivize low-emission vehicles. • **Reduction of excise tax for BEV cars from 8% to 2% (effective Jan 1, 2026)**, aiming to boost BEV adoption and achieve 30% ZEV production by 2030. • **Adjustment of EV3.0/3.5 credit calculation ('1 car counts as 1.5 for exports'), effective 2025,** aiming to incentivize EV exports
Finance	• **Technology Crime Prevention Act (No. 2) 2025, effective April 13, 2025,** mandating fraud prevention and account monitoring, aiming to protect users with minimal disruption. • **Vehicle hire-purchase and leasing under the Financial Institution Business Act, effective Dec 2, 2025,** with BOT oversight, aiming to regulate finance-like transactions and protect the economy and consumers.
All industries	• **Draft Climate Change Act, expected 2026,** requiring businesses to report GHG emissions, set climate-related targets, and support domestic carbon markets, aiming to strengthen carbon control across all sectors.

Source: Compiled by Krungsri Research



KEY ENVIRONMENTS

2026-2028 OUTLOOK

Major sectors will remain subdued in 2026, with gradual improvement in 2027–2028 due to recovering demand and investment amid political uncertainty and US tariffs.

Hospital: Revenue growth will remain strong, driven by rising NCDs, an aging population, and continued branch expansion.
- Growth will be driven by an aged population, rising medical tourism, broader insurance coverage, and network expansion.

Data center: Total revenue continues to grow strongly, supported by AI-driven demand for network infrastructure, and servers & data storage systems.
- Demand will increase to support AI growth and high-capacity data storage.
- Investment opportunities are supported by government initiatives, though constrained by the adequacy of renewable energy supply.

EV: New registrations will continue growing, albeit at a slower pace after subsidy measures end.
- Passenger EV market will benefit from pent-up demand after the Price War eases.
- E-commercial vehicle market gradually scales up, constrained by limited capacity for commercial use.

HDD & IC: Exports will be driven by rising demand from data centers and the PC replacement cycle.
- HDD: Thailand's role as a major exporter and continued global PC demand will support growth.
- IC: Data centers and domestic downstream investments will drive growth.

Industrial estate: Sales and leases are set to grow with investment relocation, though opportunities will remain concentrated in strategic regions.
- Growth concentrated in strategic EEC and central locations amid political uncertainty

Hotel: Foreign tourists should gradually improve, though 2028 levels will remain below pre-COVID as Chinese tourism continues to recover slowly.
- International arrivals are gradually increasing, with growth shifting away from China toward India, Russia, and the Middle East, supported by increased flight capacity.

Automobile: Production remains stable, with modest domestic sales growth amid a delayed pickup recovery, while exports decline due to Chinese EV supply.
- Domestic sales will recover gradually, supported by slowly improving business environments, a rebound in tourism, and continued XEV growth.
- Exports will contract, impacted by market slowdowns and Chinese EV oversupply.

Modern trade: Sales are expected to ease slightly in 2026, before recovering in 2027–2028, driven by tourism and infrastructure-led urban expansion.
- Continued domestic economic weakness and trade-war-related uncertainty will dampen consumer confidence and spending in 2026.
- Moderate growth in 2027–28 will be driven by omnichannel and infrastructure-led urbanization.

Construction: Overall construction will improve, supported by public infrastructure despite slower budget disbursement in 1H2026, while private construction will recover modestly.
- **Public**: Budget delays may persist in 1H2026 due to the election, but major infrastructure projects should gradually progress under the approved FY2026 budget.
- **Private**: Recovery will be led by industrial estate, warehouse, and tourism-related projects.

Rubber: Output and exports will grow in 2026 on favorable weather and downstream restocking demand, before declining in 2027–2028 due to El Niño.
- Exports will rise in 2026 but contract in 2027–28 due to El Niño–related supply constraints.
- Domestic sales will increase gradually, supported by recovering downstream demand.

Rice: Exports are expected to decline amid stronger global supply, while domestic sales benefit from a tourism-led food service recovery.
- Exports will contract, pressured by intense competition and softer import demand.
- Domestic sales will grow due to rising tourist arrivals and a stronger food industry.

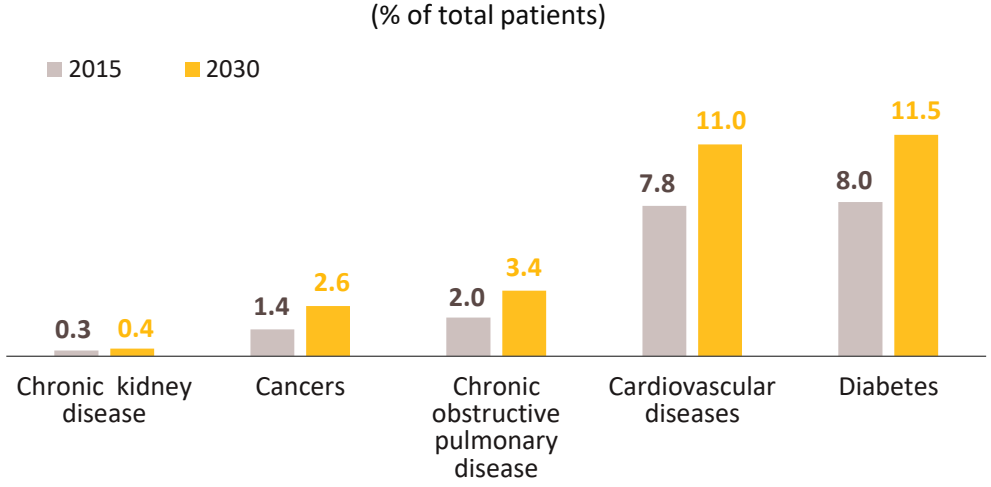
Housing (BMR): Units sold will remain weak in 2026 before recovering in 2027–2028, supported by economic improvement, mass transit expansion, and rising expatriate demand.
- Growth will be concentrated in strategic locations, supported by tourism recovery and expatriate demand, despite headwinds from high household debt and infrastructure delays.

Private Hospital: Revenue growth will remain strong, driven by rising non-communicable diseases, an aged population, and continued branch expansion.

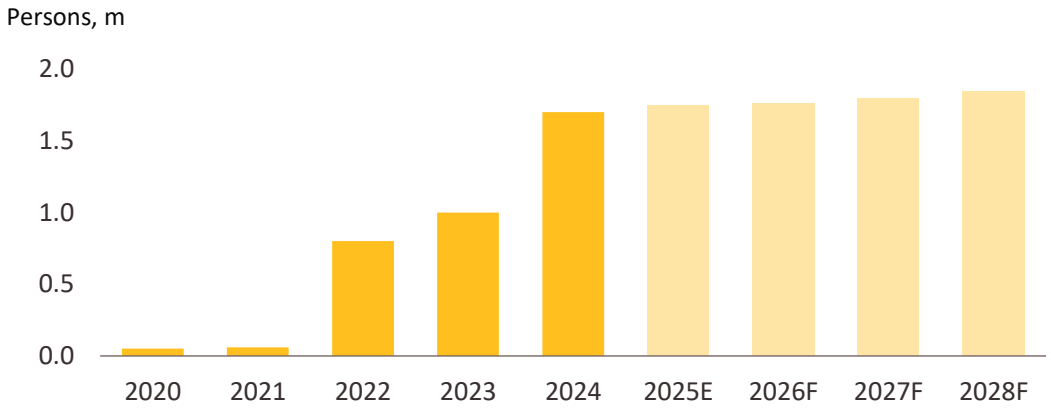
During 2026–2028, revenue is projected to grow by 5.0–7.0% annually, though this will be tempered by slower economic expansion and the impact of elevated household debt on overall consumption. Nevertheless, growth will be underpinned by the following factors:

- **The proportion of the elderly population (aged over 60) will increase from 22.4% in 2026 to 30% by 2040,** driving higher spending on chronic and complex health conditions.
- **Cases of non-communicable and seasonal diseases are expected to rise, alongside growing numbers of foreign patients and medical travelers.** The latter will be supported by continued tourism growth and the unfolding of global health-and-wellness megatrends.
- **Broader coverage for self-insured patients will enable private providers to increase their fees.** For example, social security benefits for dentures and wisdom-tooth treatments have been expanded, and a new payment formula taking effect in 2026 will raise reimbursement levels.
- **Hospital operators are likely to expand their branches, service areas, and treatments for complex conditions to increase their capacity to accommodate patients.**
  - **Major providers**: These will benefit from economies of scale, while they will also be able to grow their customer base by opening new branches and extending treatment to cover more complex conditions.
  - **Small and mid-sized operations:** Serving social security patients will help to reduce income volatility, but for hospitals that are not part of wider commercial groups, stiff competition will drag on growth opportunities.

Prevalence of NCDs in Thailand



Number of Foreign Patients in Thailand

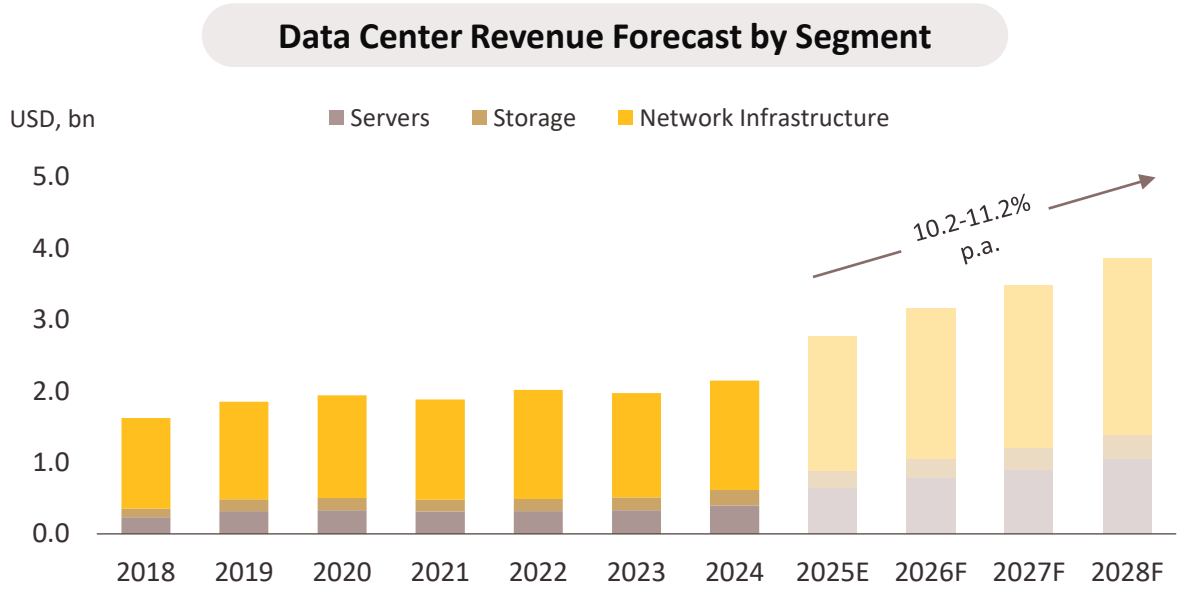


Source : NSO, MoPH, estimated and forecast by Krungsri Research

Data Center: Total revenue continues to grow strongly, supported by AI-driven demand for network infrastructure, and servers & data storage system.

The total revenue is expected to grow at an average of 10.2-11.2% per year during 2026-2028. Revenue classified by type is as follows:

- **Network Infrastructure:** Revenue is expected to grow by 7.8-8.8% per year from increasing internet usage demand and the continuous development of 5G networks by internet service providers in Thailand, which will increase demand for data connection networks between data centers and users. This requires investment in network infrastructure that supports massive data transmission volumes, as well as the investment entry of foreign technology companies that will support investment in digital infrastructure development and be conducive to revenue growth.
- **Server Systems:** Revenue is expected to grow by 16.1-17.1% per year from consumer and business demand for AI and cloud systems, resulting in related companies needing to invest in high-performance server systems to support usage, as well as the growth of Internet of Things (IoT), which is a technology that requires large volumes of data for efficient real-time processing, leading to increased server demand in both quantity and variety.
- **Data Storage Systems:** Revenue is expected to grow by 10.4-11.4% per year from the increase in large-scale data resulting from AI usage, the expansion of E-commerce and E-payment, which require substantial data storage capacity. Operators will need to invest further to ensure security and speed. In addition, the increasing enforcement of personal data protection laws, particularly the Personal Data Protection Act (PDPA), is another key factor driving sustained growth in demand for data storage systems.

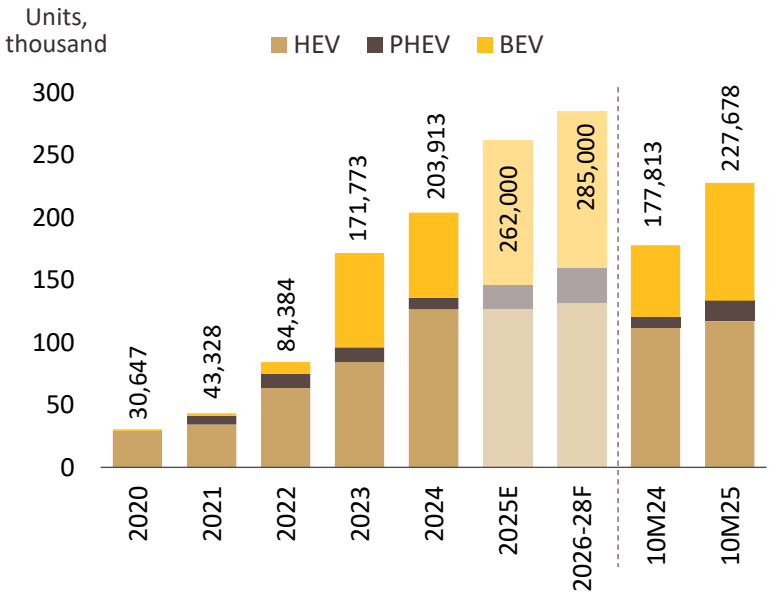


Source: Statista, Krungsri Research

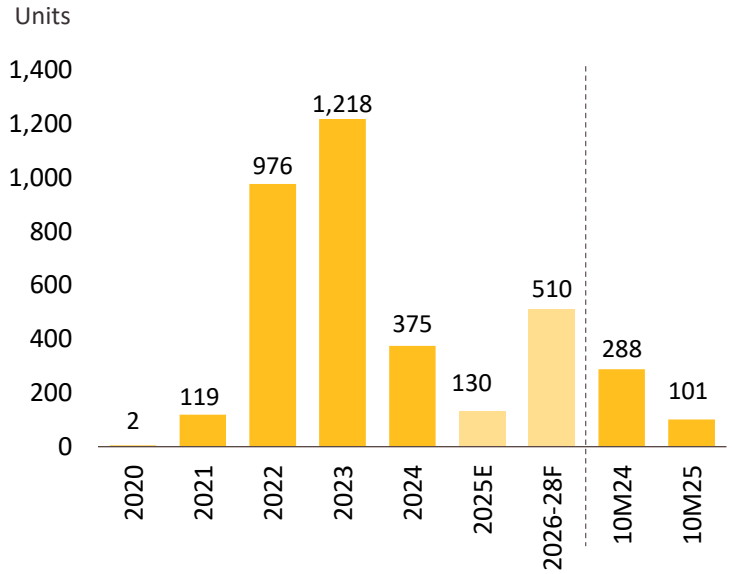
Electric vehicle: Passenger XEV registrations will continue to rise as an easing price war and longer driving ranges stimulate pent-up demand, while the e-commercial vehicle market gradually scales up.

- **Passenger XEV new registrations are expected to average 285,000 units, comprising 125,000 BEVs, 132,000 HEVs, and 28,000 PHEVs.** Growth will be driven by: (i) new model launches with better technology and longer ranges, with global BEV/PHEV models projected by IEA (2025) to grow at a 13.0% CAGR to 1,130 models by 2030 while ICE models remain flat at around 1,378; (ii) full Euro 6 enforcement in 2026, which will raise ICE vehicle costs relative to EVs; and (iii) an easing of Thailand's EV price war.
- **Registrations of electric buses and electric commercial vehicles are expected to average 510 and 1,600 units, respectively.** Key drivers include: (i) renewed investment through a 1,520-unit procurement-for-lease program, with deliveries starting in late 2026; (ii) new model launches, particularly BEV pickups from major Japanese brands; and (iii) declining battery costs from economies of scale, with IEA (2025) expecting electric truck prices to fall 15–35% by 2030 and reach total cost-of-ownership parity with diesel trucks.

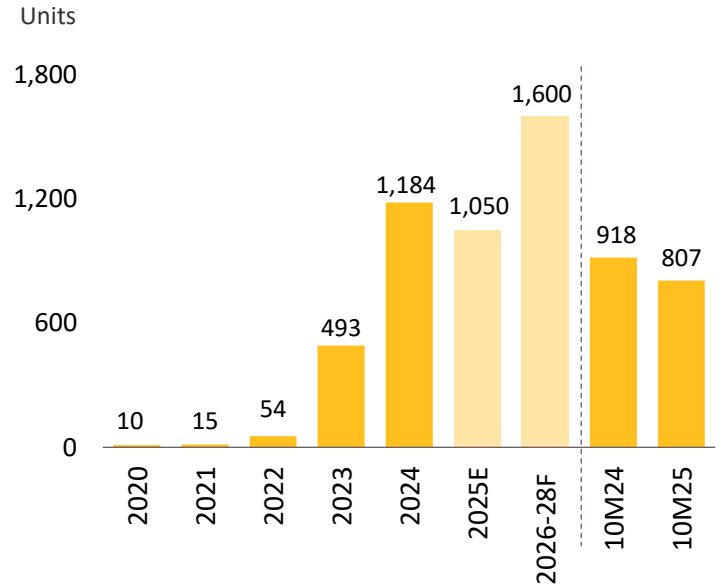
Newly Registered Electric Passenger Cars



Newly Registered Electric Buses



Newly Registered E-pickups and E-trucks

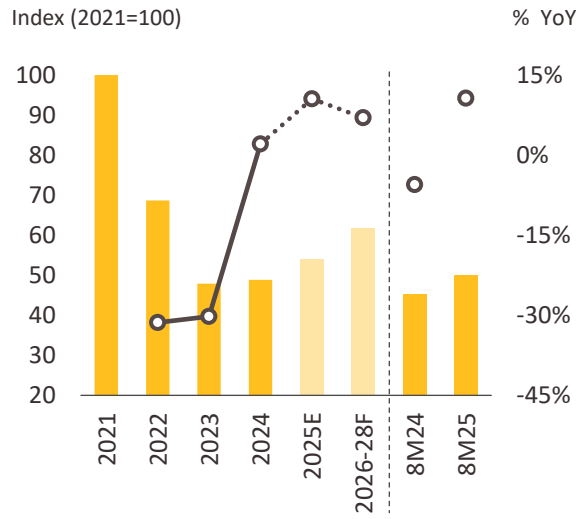


Source: Department of Land Transport (DLT), Forecast by Krungsri Research

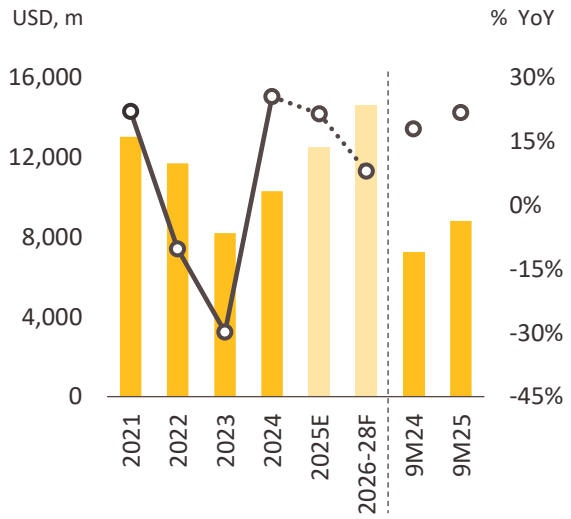
HDD and IC: Exports are expected to continue growing, driven by rising demand from AI, data centers, and the PC replacement cycle.

- **HDD:** Production and exports are projected to keep growing, supported by (i) cloud and data center expansion, sustaining global storage demand; Statista (2024) projects the global storage device market to grow at 1.7% CAGR during 2024–2031; (ii) Thailand's role as a major HDD base, with exports expected to account for 16.4% of global HDD exports, the second largest after China in 2024; and (iii) continued growth in global PC sales in 2026 as part of the post-COVID-19 replacement cycle. **Given these trends, HDD production is expected to increase 6.5–7.5% per year, and export value is projected to rise 7.5–8.5% per year during 2026–2028.**
- **IC:** Thailand's IC industry is expected to benefit from two key drivers: (i) the continued global expansion of AI and data center businesses, supporting demand for processing and memory chips; and (ii) domestic investments in midstream and downstream industries using ICs as inputs, such as electronics, appliances, and EVs. However, IC production may face risks from supply chain disruptions due to China's critical mineral export controls. **As a result, the IC production index and export value are projected to grow 3.0–4.0% and 2.5–3.5% per year, respectively.**

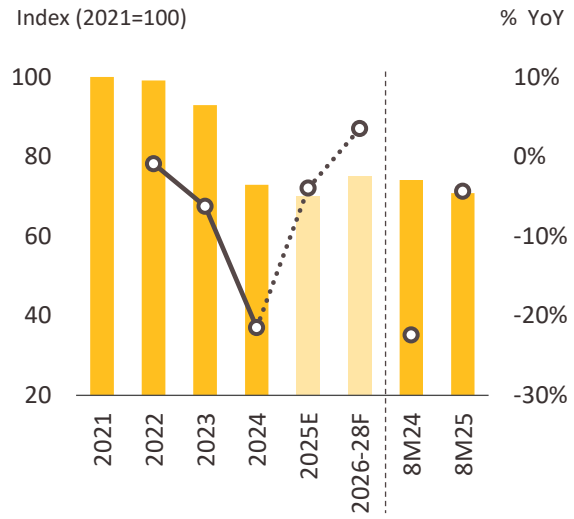
HDD Manufacturing Production Index



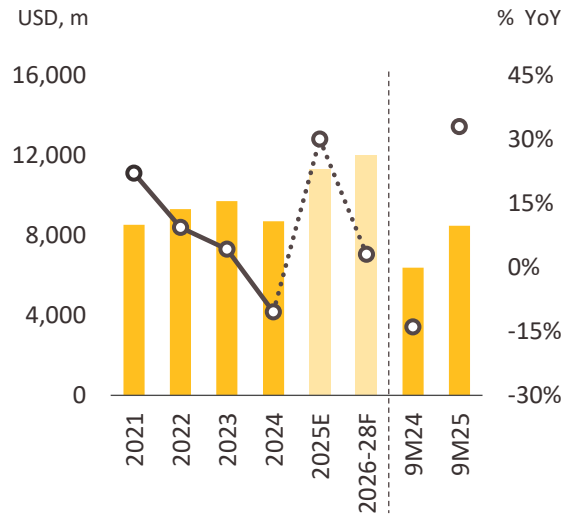
HDD Export Value



ICC Manufacturing Production Index



ICC Export Value

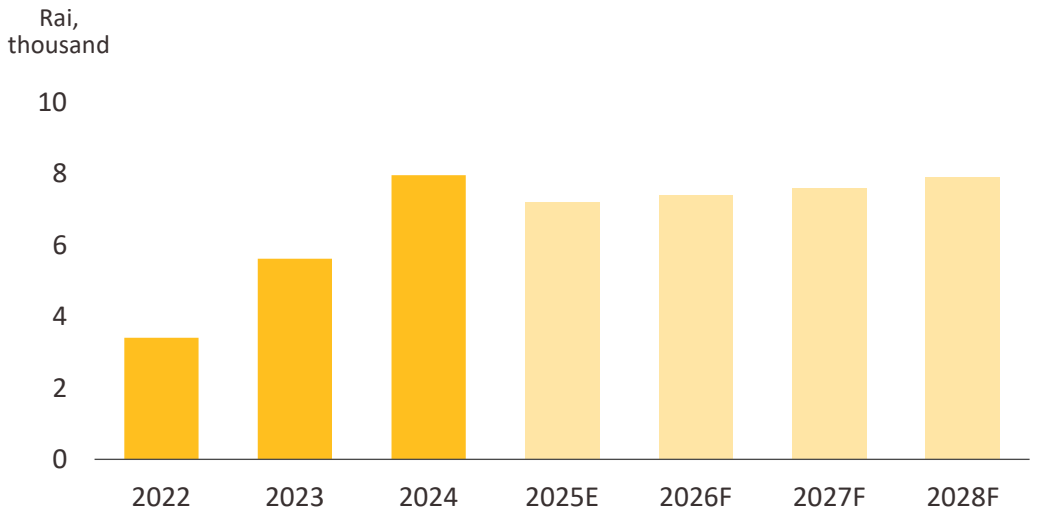


Source: OIE, MOC, Forecast by Krungsri Research

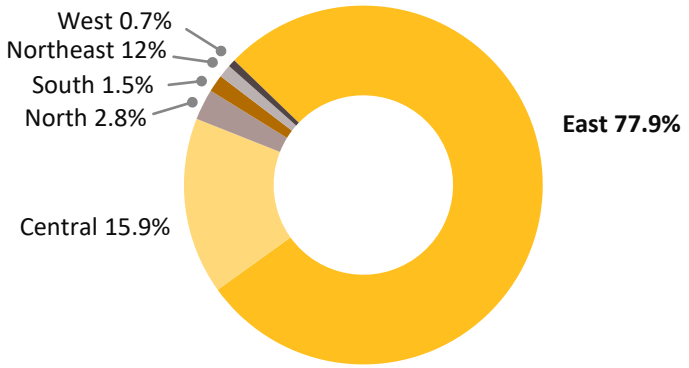
Industrial Estate: Sales and leases are set to grow with investment relocation, though opportunities will remain concentrated in strategic regions.

- **Industrial land sales and leases are expected to grow by 3.0–4.0% annually (7,500–7,600 rai).** Growth will be supported by investment relocation driven by geopolitical tensions, ongoing infrastructure development that strengthens Thailand's strategic position—particularly in the EEC—and the rollout of Smart Parks with integrated technology and environmental standards. Leading indicators are supportive, with BOI applications in the EEC up 67.5% YoY in number and 69.2% YoY in value in 1H25.
- Key supply-side constraints include: (i) political and economic uncertainty that may disrupt project continuity; (ii) zoning restrictions that limit land availability for large-scale investment; (iii) rising land prices that elevate investment costs; and (iv) intensifying competition from Vietnam, Indonesia, and Malaysia, which are actively strengthening incentives to attract foreign investors.
  - **Eastern region:** Demand for industrial land and rental space is expected to grow steadily, supported by Thailand's strategic location and EEC investment incentives. However, new industrial estate expansion will remain constrained by rising land prices and limited land supply.
  - **Central region:** Demand for land purchases and leases is expected to remain strong, supported by robust transport connectivity and resulting growth in utility and rental revenues.
  - **Other regions:** Demand for land purchases and leases remains low, as the area still depends on further development of transport links to major economic zones.

Sold/Rent Industrial Estate Area Forecast



Industrial Estate Area, by Region (1H25)

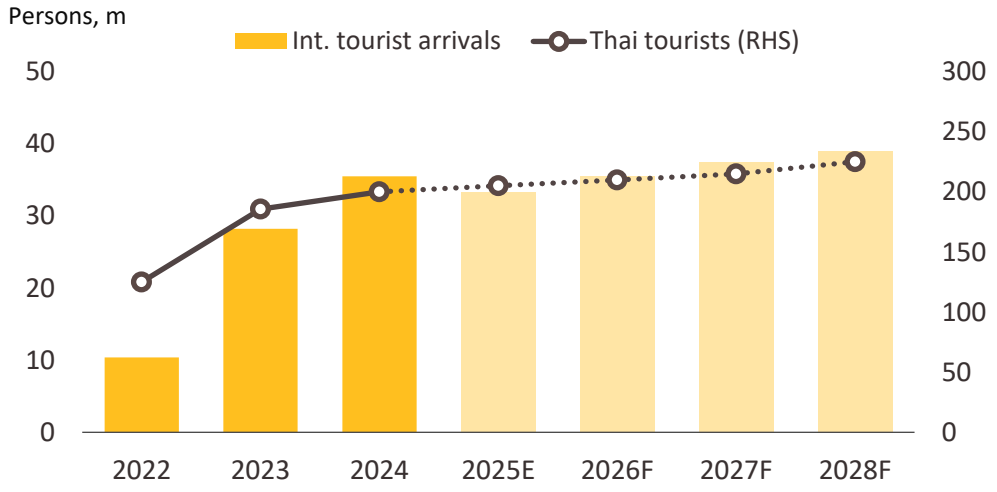


Source: REIC, Forecast by Krungsri Research

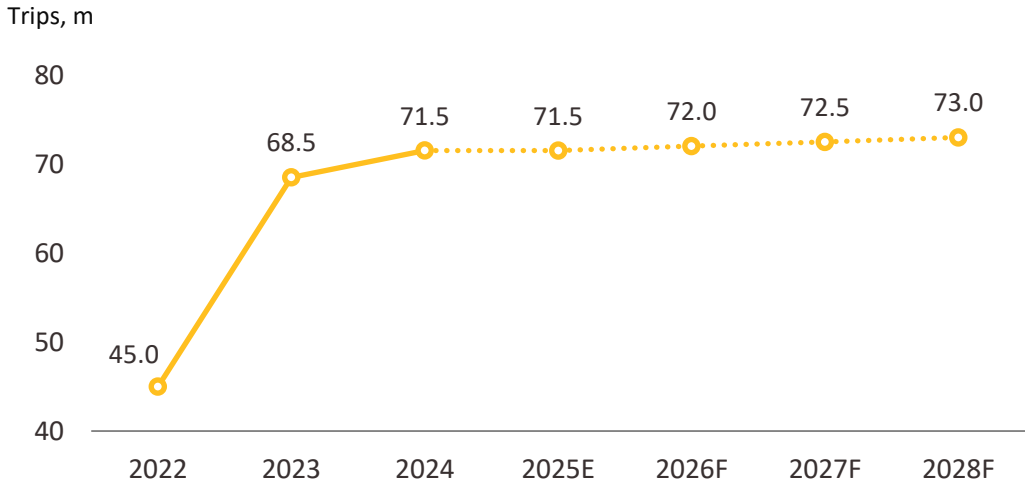
Hotel: International arrivals should gradually improve, though 2028 levels will remain below pre-COVID as Chinese tourism continues to recover slowly.

- **International arrivals are expected to recover gradually,** driven mainly by travelers from India and Europe and supported by more direct flights, though overall growth will remain limited by (i) a global economic slowdown and the impact of U.S. tariff increases, which could weigh on travel spending—especially in 2026, (ii) domestic concerns over safety and political stability, (iii) a weakening value-for-money perception amid high living costs, and (iv) stronger competition from Asian destinations such as Vietnam.
- **Looking ahead, international arrivals are projected at 35.5 million in 2026, 37.5 million in 2027, and 39.0 million in 2028, while domestic trips are expected to average 215–220 million p.a., keeping nationwide occupancy at roughly 72–73%.**
  - **Hotels in major tourist destinations (Bangkok, Pattaya, and Phuket):** Revenue is expected to grow strongly as average occupancy approaches 75% annually, supported by a steady increase in international arrivals.
  - **Hotels in tourist destinations and regional centers:** Revenue is expected to improve gradually in line with the recovery of the domestic tourism market, particularly the rebound in the meetings and events (MICE) segment.
  - **Hotels in other provinces:** Revenue is expected to remain stable, with occupancy rates inching up, following expected government measures that are set to continue promoting secondary-city tourism.

Tourist Numbers in Thailand



Occupancy Rate (%)

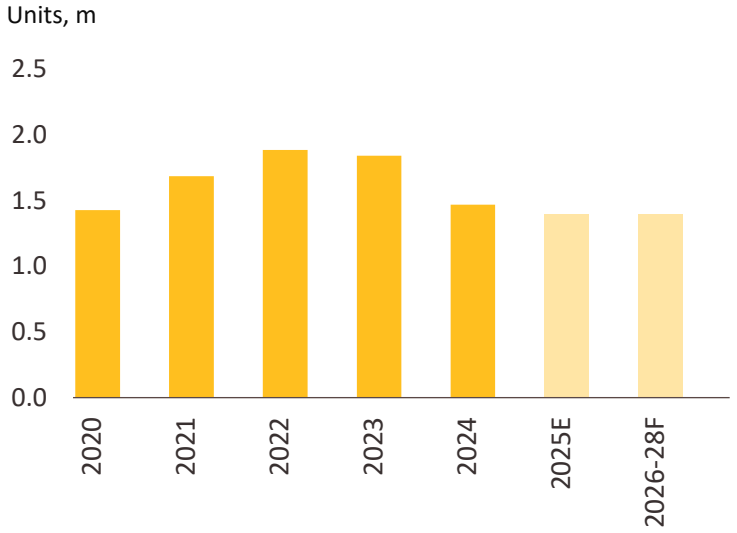


Sources : MOTS, BOT, Forecast by Krungsri Research

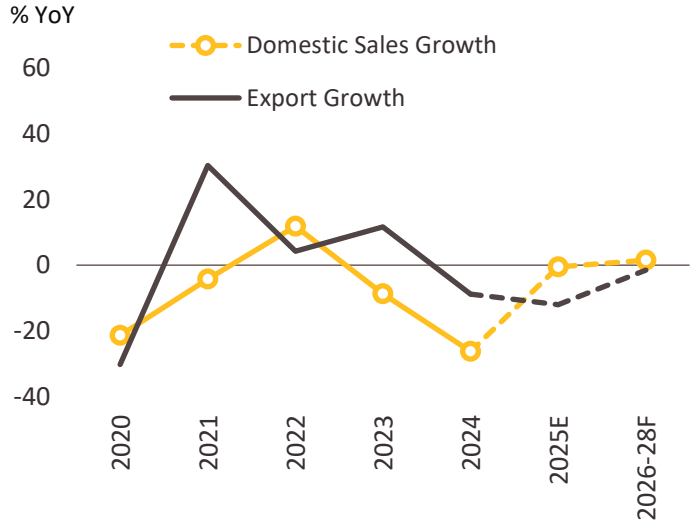
Automobile: Production remains stable with modest domestic sales growth, amid a delayed recovery in pickups; Exports decline due to Chinese EV supply.

- **Production volumes are expected to remain flat,** as declining ICE vehicle output is offset by rising XEV production. Growth is supported by (i) BEV offset production under the EV 3.5 scheme—at 2–3x prior import sales—during 2026–27, and (ii) policy support for HEV and MHEV manufacturing through excise tax reductions over 2026–32.
- **Domestic sales are expected to edge up.** In 2026, vehicle sales are likely to remain subdued, weighed down by weak pickup truck demand due to low agricultural purchasing power and U.S. tariff-related business headwinds. Domestic demand is expected to recover gradually in 2027–28, supported by an improving business environment, a rebound in tourism, and continued XEV growth.
- **Export volumes are expected to contract,** weighed down by (i) a continued slowdown in key trading partners, particularly in 2026; (ii) accelerated clearing of excess supply from Chinese EV producers; and (iii) increasingly stringent environmental standards tied to CO_2 reduction targets in export markets, which constrain Thailand's ICE vehicle exports. However, BEV exports are expected to benefit from revised BOI criteria allowing each EV produced for export to count as 1.5 units of offset production.
- **The above factors are expected to keep automotive output flat, with domestic sales projected to grow 1.0–2.0% annually and exports to decline -1.0% to -2.0% per year.**

Automobile Production



Growth in Automobile Sales



Automobile Production and Sales Growth

% YoY

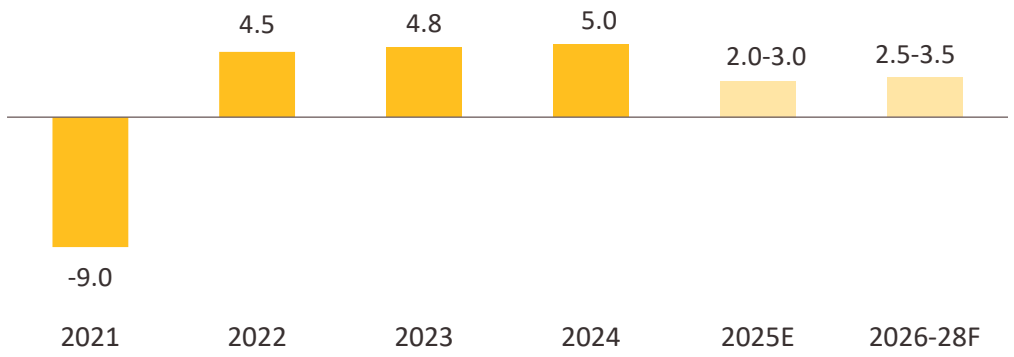
	2024	9M2025	2025E	Avg. 2026-2028F
Domestic sales	-26.2	2.1	0.0 to -1.0	1.0-2.0
Exports	-8.8	-10.4	-11.5 to -12.5	-1.0 to -2.0
Production	-20.2	-4.5	-4.5 to -5.5	-0.5 to 0.5

Source: The Federation of Thai Industries (FTI), Forecast by Krungsri Research

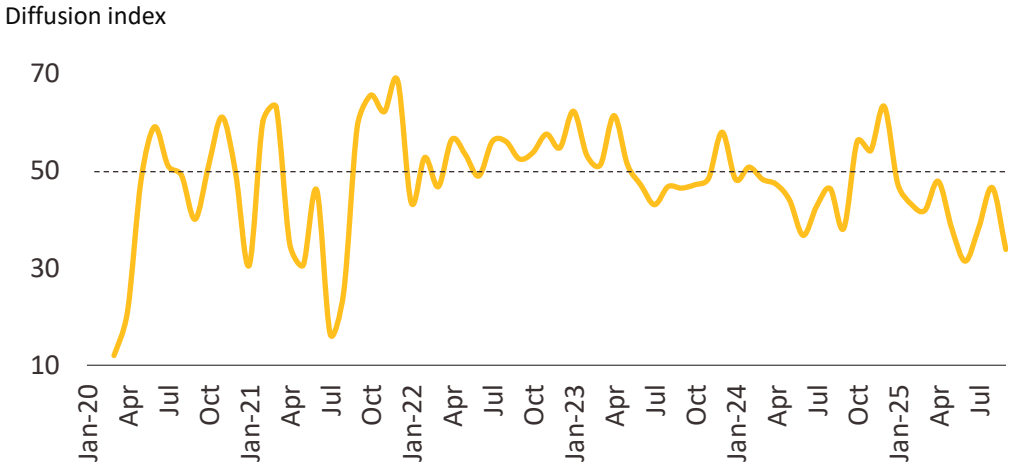
Modern trade: Sales are expected to ease slightly in 2026, before recovering in 2027–28 driven by tourism and infrastructure-led urban expansion.

- **2026 retail sales will remain flat or possibly contract slightly** due to continuing weakness in the Thai economy and the ongoing trade war. The latter is adding to uncertainty over the outlook for the global economy and undermining consumer confidence, with negative impacts on spending by foreign visitors. **However, the sector should return to annual growth of 3.0-3.5% in 2027 and 2028 due to**: (i) rising tourist arrivals, which should reach 39 million by 2028; (ii) works on infrastructure projects (e.g., the metro and real estate developments) that will accelerate urbanization and open up new markets; and (iii) growth in the customer base driven by the development of omnichannel strategies that seamlessly integrate on- and offline distribution, and by expansion into CLMV markets, thereby creating new sources of long-term income growth.
- **The outlook for individual segments is as follows.**
  - **Department stores:** Revenue is projected to grow 1.5–2.5% p.a., supported by resilient spending from mid- to upper-income consumers and tourism, with growth driven by AR/VR engagement, app-based memberships, and mega mixed-use developments targeting high-spending shoppers.
  - **Discount stores:** Revenue is expected to expand 1.2–2.2% p.a., underpinned by a value-for-money focus and expansion into smaller cities, alongside AI and big data adoption, though competition from online and cross-border e-commerce remains intense.
  - **Supermarkets:** Revenue is forecast to grow 3.0–4.0% p.a., supported by strong purchasing power and a wider range of premium, organic, and health products, amid intensifying competition from convenience stores.
  - **Convenience stores:** Revenue is expected to rise 4.5–5.2% p.a., driven by branch expansion in urban areas, new communities, and transport hubs, as well as quick-commerce adoption, despite increasing cross-segment competition.

Modern Trade Retail Business Growth (%)



Retailer Sentiment Index (RSI)



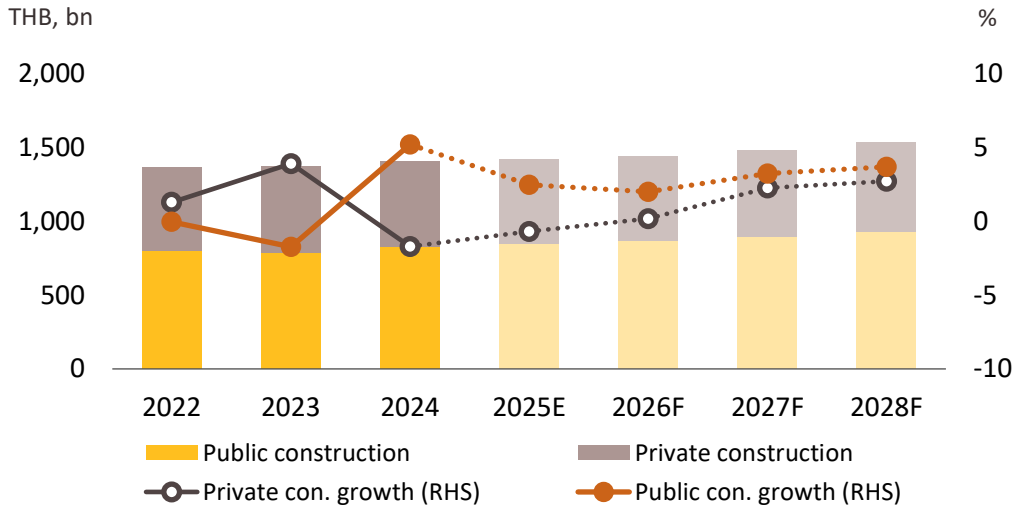
Source: Thai Retailers Association (TRA), Bank of Thailand of Thailand (BOT), Forecast by Krungsri Research

Construction: Overall construction will gradually improve, supported by public infrastructure despite slower budget disbursement in 1H2026, while private construction will recover gradually.

Overall construction investment is projected to grow by 2.5–3.0% annually, led by public-sector construction. Budget disbursement may remain delayed in 1H 2026 following the parliament dissolution on 12 December 2025, but major infrastructure projects are expected to gradually progress thereafter under the FY2026 budget. The Ministry of Transport has already secured THB 185.3 billion in approved funding as of August 2025 (Source: Thansettakij, Aug 13, 2025), covering both new and ongoing highway network projects. **Private-sector construction is expected to grow modestly after contracting in 2025–2026,** with recovery concentrated in key industrial and tourism areas. Industrial estate and warehouse construction will continue to expand, supported by foreign manufacturing relocation and Thailand's strategic location.

- **Public construction investment is expected to grow by 3.0–3.5% annually,** supported by large-scale infrastructure spending under the 2023–2027 action plan. Key projects include double-track railway developments (Phases 1 and 2) and new double-track routes, which will enhance connectivity with industrial estates and logistics hubs, alongside ongoing progress in EEC-related projects.
- **Private construction investment is expected to grow by around 1.5–2.0% annually**, supported by several factors: (i) increased construction of factories and office buildings in industrial estates within the EEC, in line with improving investment sentiment; (ii) ongoing hotel development, particularly among major chains that continue to expand; (iii) a gradual recovery in residential projects after the sharp slowdown in 2024–2025; and (iv) demand for repair and restoration work on buildings affected by flooding in the South.

Spending on Construction



Spending on Construction Growth

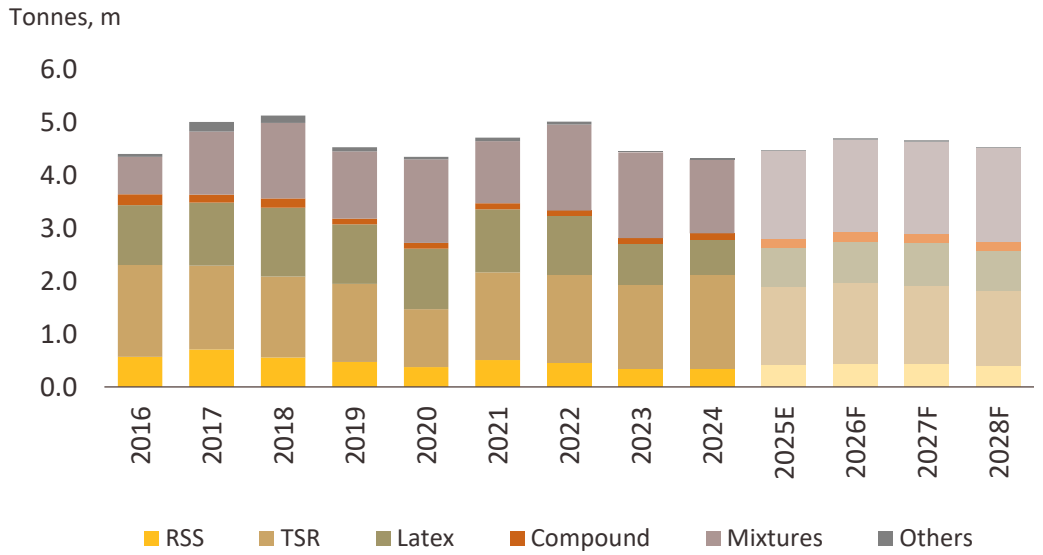
% YoY	2024	2025E	2026F	2027F	2028F	2026F-2028F
Public	5.2	2.0-2.5	2.0-2.5	3.0-3.5	3.5-4.0	3.0-3.5
Private	-1.7	-0.5 to -2.0	0.0-0.5	2.0-2.5	2.5-3.0	1.5-2.0
Total	**2.2**	**1.0-2.0**	**1.0-2.0**	**2.5-3.0**	**3.0-3.5**	**2.5-3.0**

Source: Office of the National Economic and Social Development Council (NESDC), Forecast by Krungsri Research

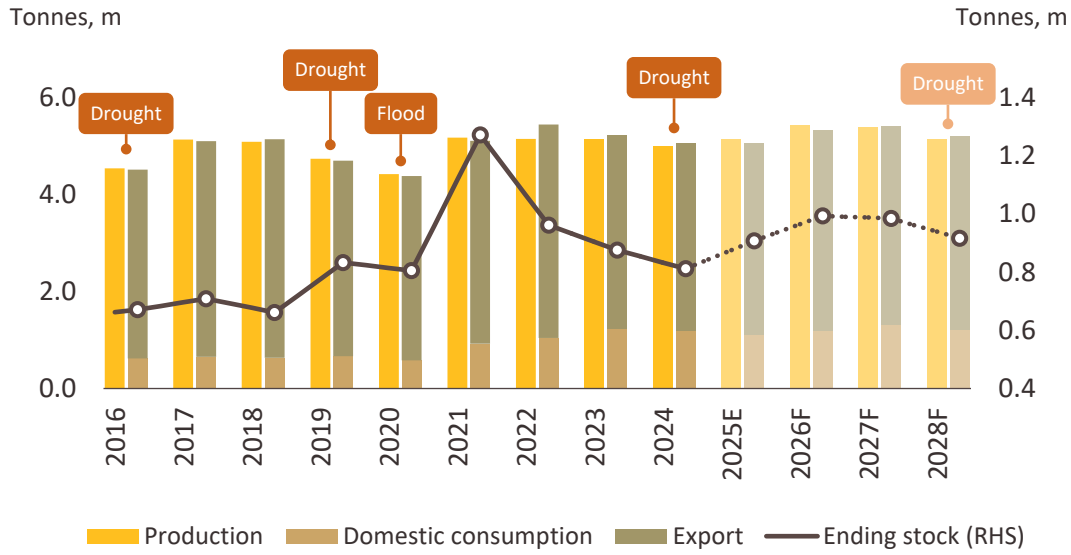
Rubber: Output and exports will grow in 2026 due to favorable weather and downstream restocking demand, before declining in 2027–2028 from El Niño.

- **In 2026, rubber output is projected to expand 4.1-6.1%,** supported by (i) favorable weather and rainfall, leading to higher yield, and (ii) elevated prices incentivizing farmers to tap and maintain trees for increased production. **Conversely, output is anticipated to contract by an average of -1.6% to -3.6% per year in 2027-2028,** constrained by warmer weather and reduced rainfall associated with the onset of El Niño conditions, and the new strain of natural rubber leaf fall disease.
- **Export volume is projected to expand 3.8-5.8% in 2026,** driven by restocking demand in related industries of trading partners, particularly automotive, tires, and parts, in anticipation of a market recovery. **In contrast, volumes are expected to contract by -0.8% to -2.8% annually in 2027-2028,** constrained by (i) the return of El Niño conditions causing raw input supply shortages, and (ii) slower purchasing by downstream rubber product manufacturers following prior stockpiling to mitigate rising raw material cost risks amid supply constraints.
- **Domestic consumption is projected to grow 2.2-4.2% annually,** supported by (i) gradually recovering demand from downstream industries, particularly automotive parts and tires; (ii) a gradual rebound in both public and private construction demand; and (iii) ongoing government measures to absorb output to maintain price stability.

Thailand Rubber Exports (By Product)



Thailand Rubber Production, Consumption, Export and Ending Stock

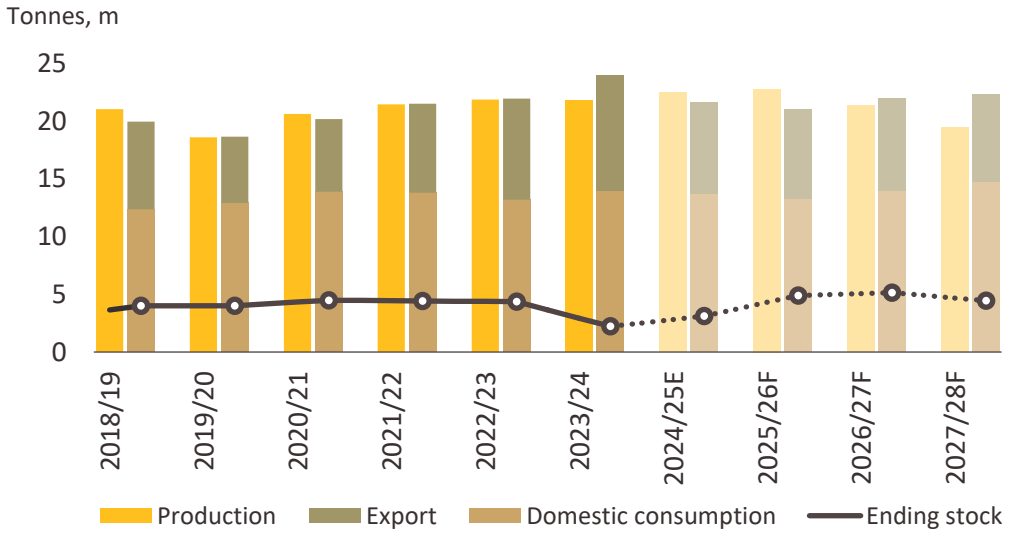


Source: OAE, DOA, MOC, forecast by Krungsri Research

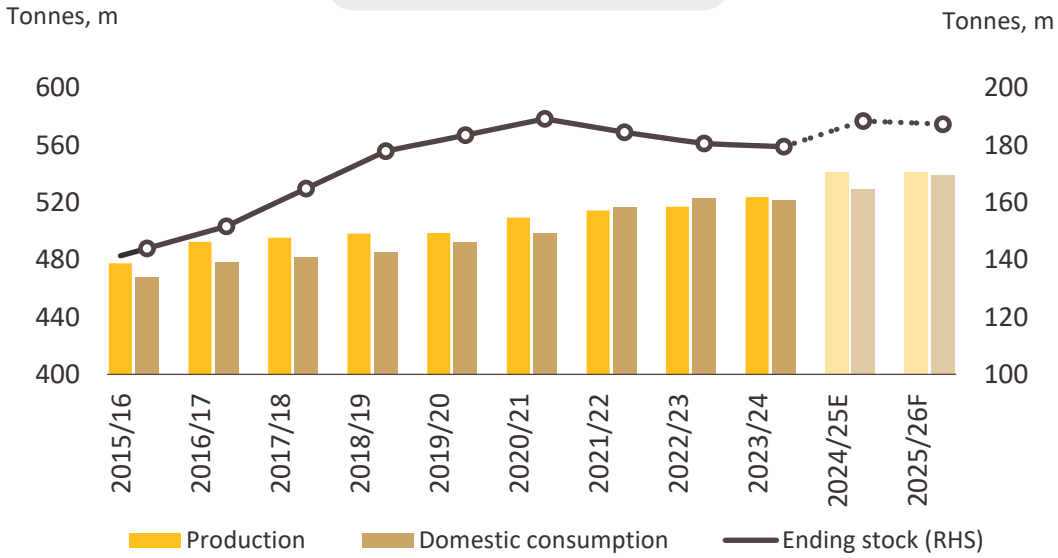
Rice: Exports are expected to decline amid stronger global supply, while domestic sales benefit from a tourism-led food service recovery.

- **In 2026, output is projected to expand 0.8-1.8%, reaching 34.9-35.2 MT of paddy rice or approximately 22.7-22.9 MT of milled rice.** Positive factors include La Niña and normal climate conditions expected to provide favorable weather, rainfall, and sufficient reservoir water for cultivation. **Conversely, 2027-2028 rice output is projected at 29.9-32.9 MT of paddy rice or 19.4-21.4 MT of milled rice, a decline of -7.2% to -8.2% per year,** primarily due to the anticipated return of El Niño conditions causing damage and reduced yield.
- **Rice exports are projected to contract by -1.3% to -2.3% per year, totaling 7.5–8.0 MT of milled rice per year.** Constraints include (i) severe competition from increasing global rice supply, particularly from key competitors (e.g., India, Vietnam, and Pakistan), and (ii) reduced import demand from trading partners due to higher domestic production and significant prior advance/stockpiling purchases.
- **Domestic rice consumption is projected to grow 2.1-3.1% per year, totaling 13.3-14.8 MT of milled rice annually.** Demand-side drivers include: (i) gradually increasing tourist arrivals, boosting demand from restaurants and hotels; (ii) rising demand from downstream industries, particularly food manufacturing, which requires larger volumes of rice as processing inputs; and (iii) a gradual improvement in consumption, supported by rising purchasing power in line with broader economic improvement. On the supply side, increased market supply will be supported by the destocking of elevated domestic rice inventories.

Thailand Rice Production, Consumption and Exports (Milled Rice)



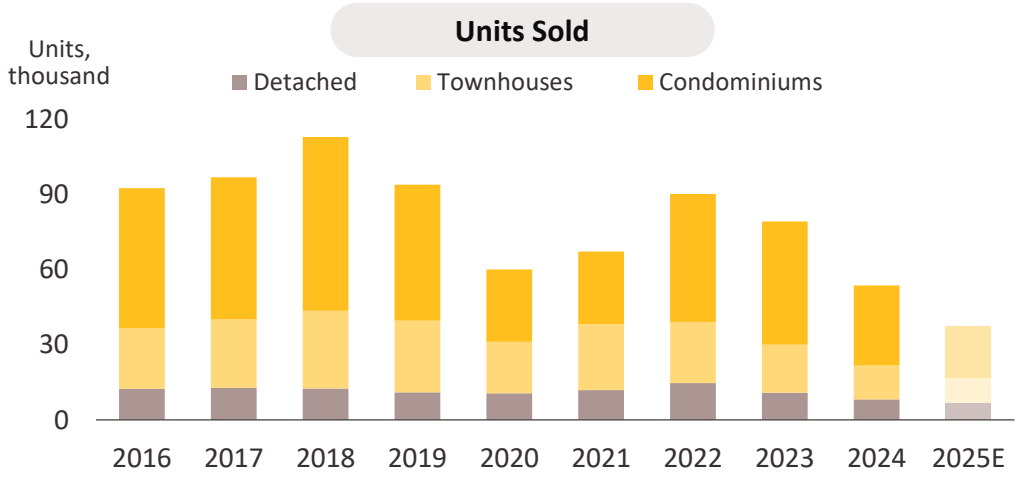
World Rice Balance

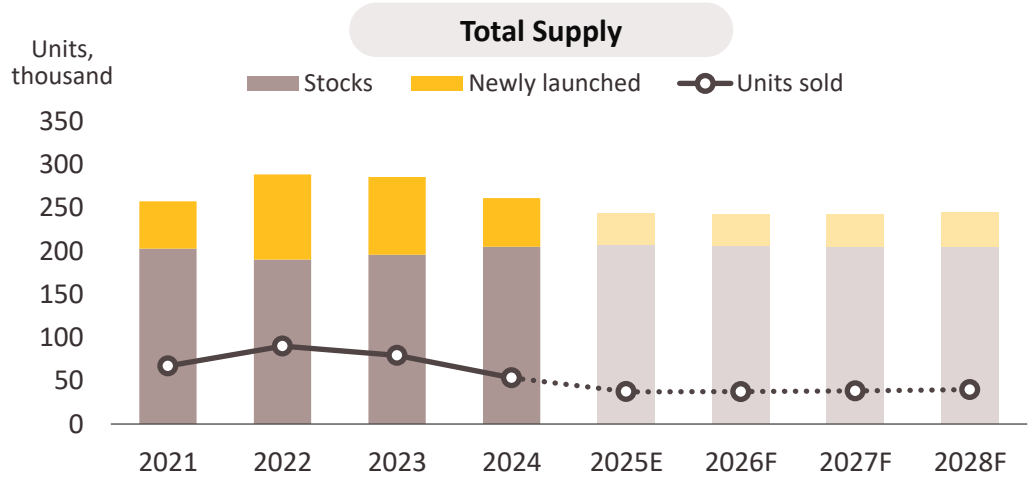


Source: OAE, DOA, MOC, USDA, Krungsri Research

Housing (BMR): Units sold will remain weak in 2026 due to high household debt, before recovering in 2027–2028, supported by economic improvement, mass transit expansion, and rising expatriate demand.

- **In 2026, residential demand will remain constrained by a sluggish economic outlook, high household debt, and budget disbursement delays affecting infrastructure investment.** Although the tourism sector will help support housing demand to some extent, it will not be enough to drive broader business expansion. Nevertheless, the mid-to high-end residential market will remain a key focus for developers.
- **From 2027–2028, the residential market is expected to recover gradually,** supported by stronger economic conditions, government-led investment, tourism recovery, expanded mass transit network, and rising demand from expatriates and long-term residents. New launches are projected to grow 3.0–4.0% annually (around 38,000 units), while sales increase 1.5–2.3% per year.
  - **Low-rise housing (detached housing and townhouses):** Sales should improve gradually, driven by real demand from mortgage-accessible buyers. New projects will concentrate in the suburbs, especially near international schools. Townhouse sales are expected to remain broadly flat, constrained by a large unsold supply, particularly in the THB 2–3 million price segment. High household debt and tighter credit will continue to constrain lower-income buyers. Large developers will maintain moderate growth, while SMEs face tougher competition and financial pressure.
  - **Condominiums: Sales are expected to rise slightly,** supported by mass transit expansions and demand from both end-users and rental investors. Foreign buyers will continue to bolster luxury, super-luxury, and branded residences in prime locations. Condominiums in the outskirts will lag behind low-rise housing, with several zones weighed down by substantial unsold stock.
- **The business challenges include:** (i) low growth in the economy and the heavy burden of household debt, which is restricting access to new loans; (ii) rising costs, especially for land in prime locations, and continuing labor shortages, which will tend to generate price rises that will outpace increases in buyers' incomes; and (iii) Thailand's transition to a fully aged society that will reduce demand for new properties, as the shrinking share of the working-age population further weakens demand.





Source: AREA, Forecast by Krungsri Research

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