WEEKLY ECONOMIC REVIEW

July 21, 2026

krungsri Research
A member of MUFG

Middle East tensions heighten global inflation and energy supply risks. Thailand's government measures remain key to the growth outlook.

Global

Global: Fighting between the U.S. and Iran has intensified, damaging infrastructure across the Middle East, including bridges, airports, power plants, and desalination facilities. Meanwhile, Iran's renewed attacks in the Strait of Hormuz and pressure on the Houthis to disrupt Red Sea shipping have heightened energy supply risks, driving oil prices up more than 11% since the temporary ceasefire MoU signed on June 17.

U.S.: Although inflation has eased, concerns over rising price pressures remain. Producer and consumer inflation slowed to 5.5% and 3.5% YoY, respectively, in June, from 6.0% and 4.2% in May. The moderation in inflation, labor market conditions, and wage growth suggests that the Fed is likely to keep interest rates unchanged this year. However, renewed Middle East tensions have increased uncertainty over the outlook for energy prices, inflation, and economic growth.

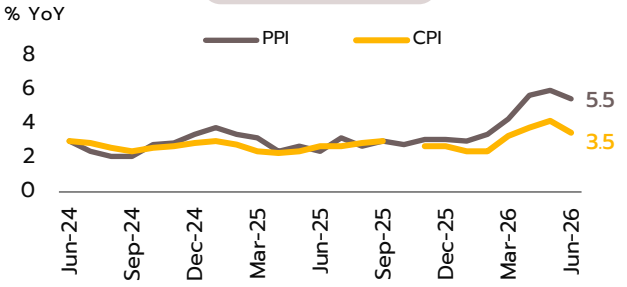
China: The economic grew 4.3% YoY in 2Q26, the slowest in over three years, compared to 5% in 1Q26. This is partly due to the energy crisis, which has aggravated already-weak consumption and investment. Retail sales grew by just 1% in June, while fixed asset investment continued to contract by -5.7% in 1H26. **Thus, exports, especially electronics, are expected to underpin growth going forward, given that other economic drivers remain weak.**

Thailand

Thailand's 4Q26 growth may be supported by the Thai Travel Thai Plus scheme but face a payback effect after the Thai Chuay Thai Plus program expires. The Ministry of Tourism and Sports is introducing the THB 1.75 billion travel co-payment scheme, similar to the previous We Travel Together program. The government will subsidize up to THB 3,000 per booking and cover 50% of eligible travel expenses, with participants paying the remaining 50%. The scheme is expected to be launched in 4Q26 to stimulate domestic tourism amid heightened global uncertainty.

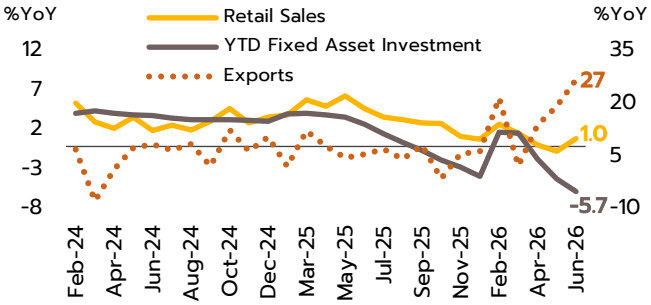
Krungsri Research expects the program to provide support to consumption and domestic tourism in 4Q26, helping cushion the payback effect following the expiration of the Thai Chuay Thai Plus program at end-September. However, the positive impact is likely to be temporary, with its overall economic impact depending on the program's scale, eligibility criteria, and other details. Looking ahead, Thailand's economy continues to face downside risks from Middle East tensions, U.S. tariff policies uncertainty, and potential El Niño-related impacts. Although the THB 200 billion energy transition program (see Table) could provide additional support, its effectiveness will depend on implementation details, the pace of disbursement, and the import content of projects, all of which will influence investment, employment, and economic growth going forward.

U.S.: Inflation



Source: CEIC and Krungsri Research

China: Consumption, Investment, and Trade



Source: NBS and Krungsri Research

Thailand: THB200 bn Energy Transition Projects

Key Plans	Potential Projects
Accelerate the clean energy transition	Expand renewable energy, upgrade the power grid, and improve energy efficiency to reduce emissions.
Strengthen the EV ecosystem	Promote EV adoption and expand charging and battery-swapping infrastructure.
Upskill and reskill the workforce	Develop future-ready skills of people, labor, and entrepreneurs.

Source: MOF and 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

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

Patinya Hanittinan, Ph.D.
Senior Analyst (IECC Project, Petrochemicals, Refinery, Bio-Diesel, Ethanol, Plastic)

Chaiwat Sowcharoensuk
Senior Analyst (Agriculture, Agri-Machinery, Fertilizer)

Nuttachat Viroonhausava
Senior Analyst (Agriculture, Food & Beverages, Restaurant, FTA)

Puttachard Lunkam
Senior Analyst (Construction Contractors, Construction Materials, Hotels, Steel)

Patchara Klinchuanchun
Senior Analyst (Real Estate)

Taratnon Sritongterm
Senior Analyst (Industrial Estate, Mobile Operator, Modern Trade, Mass Transit, Transportation)

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

Supawat Choksawatpaisan
Analyst (Automobile, Auto Part, Auto-Hire Purchase)

Rapeepoom Lapmak
Analyst (Electronics & Electrical Appliances, PCB, Data Center, Digital)

Chatwalee Maethastidsook
Analyst (Healthcare, Pharmaceutical, Medical Devices)

Analytics & Intelligence Team

Poonsuk Ninkitsaranont
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.